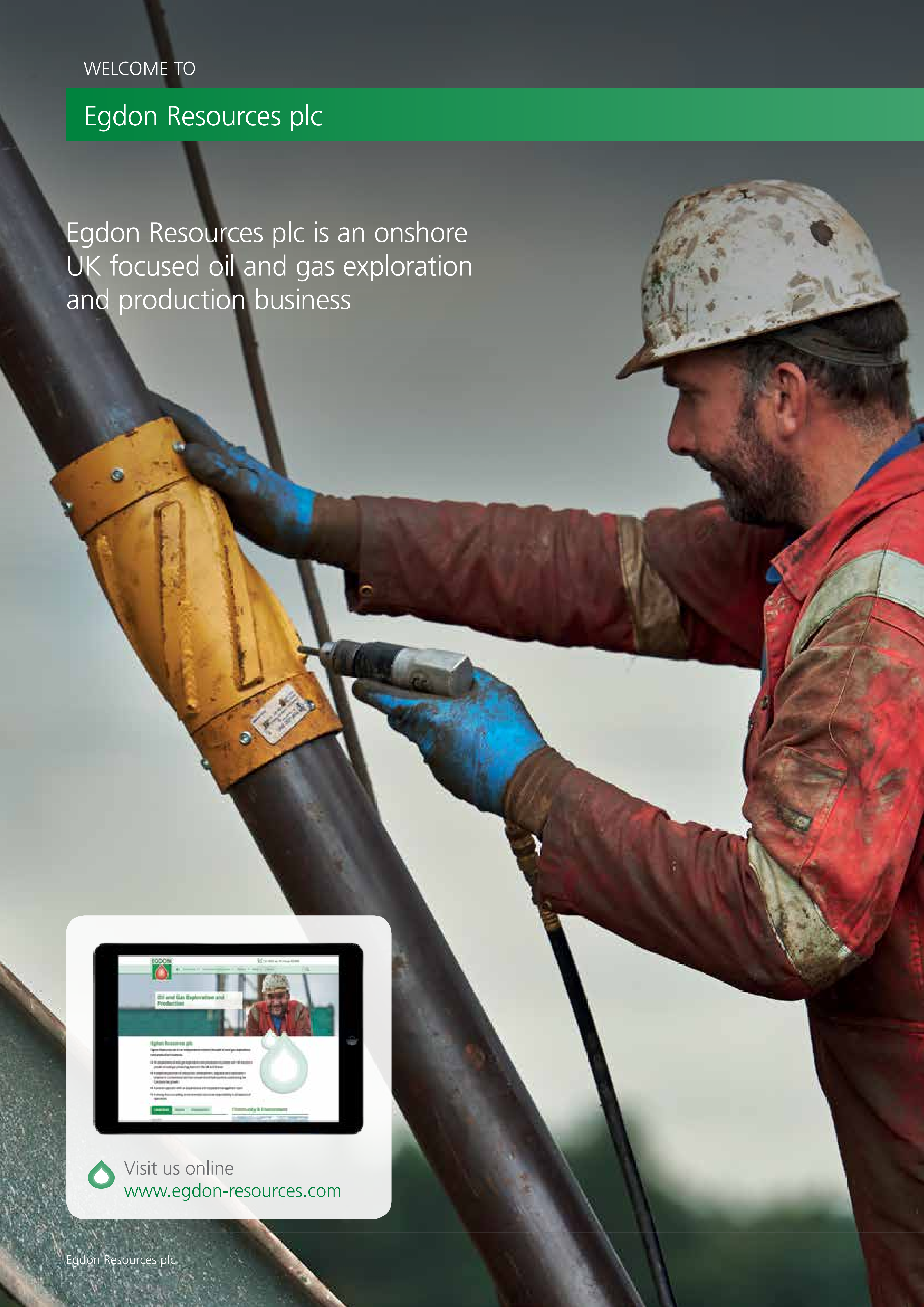
EGDON RESOURCES plc

Annual Report and Financial Statements
for the year ended 31 July 2015

Onshore UK oil and gas

WELCOME TO

Egdon Resources plc



Egdon Resources plc is an onshore UK focused oil and gas exploration and production business

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- An established oil and gas exploration and production business with 36 licences in proven oil and gas producing basins in the UK and France
- A strong focus on safety, environmental and social responsibility in all aspects of operations
- A balanced portfolio of production, development, appraisal and exploration projects in conventional and unconventional hydrocarbons positioning the Company for growth
- A proven operator with an experienced and respected management team

Contents

A UK focused exploration and production business

Egdon was formed in 1997 and was awarded its first licence in 1998. In 2000 Egdon gained its first operated licence and listed on the OFEX market. In 2004 Egdon listed on AIM. In 2008 Egdon demerged its gas storage business, Portland Gas plc (now renamed Infrastrata plc), and became a focused exploration and production business with conventional and unconventional resources assets in the UK and France.

2015 Highlights

Operational and Corporate

- Production of 63,149 barrels of oil equivalent (2014: 86,870 barrels of oil equivalent)
- Successful drilling and testing of the Wressle-1 oil and gas discovery in Lincolnshire where a Field Development Plan is in preparation
- Strong project pipeline developed including planning permission secured for conventional wells at North Kelsey and Biscathorpe
- Ongoing development of licence portfolio with unconventional and conventional resource potential via acquisition of Yorkshire Exploration Limited (PEDL068); exercise of option with Scottish Power to farm-in to PL161 and PL162 and acquisition of additional interest in PEDL241
- Farm-out interests in Licences PEDL143 and PEDL005(R)
- Disposal of non-core licence interests in Southern England and France

Financial

- Oil and gas revenues during the period of £2.07 million (2014: £2.96 million)
- Loss for the period of £4.47 million for the year ended 31 July 2015 after net write-downs, impairments and pre-licence costs of £3.62 million, of which pre-licence costs are £0.45 million (2014: loss of £0.46 million; after impairment of £0.54 million and exceptional profit of £1.08 million on farm-outs)
- Basic loss per share of 2.02p (31 July 2014: basic loss per share of 0.30p)
- Cash at bank £5.18 million as at 31 July 2015 (31 July 2014: £9.67 million)
- Net current assets as at 31 July 2015 of £7.18 million (31 July 2014 £10.80 million)
- Net assets as at 31 July 2015 of £32.05 million (31 July 2014: £36.41 million)

Post Balance Sheet Events

- Egdon will be offered seven blocks in 14th Round first tranche announcement
- Positive planning appeal outcome and further consents received for Holmwood exploration well in PEDL143
- Submission of Springs Road-1 exploration well planning application by IGas

Growing the Company's exposure to exploration opportunities in Northern England

A continued focus on maximising production rates, revenues and profitability from existing producing assets through targeted investment

Adding additional reserves/revenues through an active conventional resources drilling programme whilst managing risk and financial exposure through farm-out

Chairman's Statement

Philip Stephens
Chairman

Against a challenging macro-economic backdrop for the oil and gas sector, characterised by a significant reduction in oil price and reduced investment across the sector, which has impacted company valuations, I am pleased to be able to report on a year of further progress for the Company. Our strategy remains the same as we continue to focus on three key near-term strategic objectives to drive shareholder value;

UK Unconventional Resources: We continue to develop our Northern England unconventional resources portfolio during the period, with the exercise of our option on PL161 and PL162, ongoing detailed assessment of the acreage acquired from Alkane Energy and, post-year end, the announcement that Egdon will be offered seven blocks or part-blocks in the first tranche of awards in the UK 14th Landward Oil and Gas Licensing Round ("14th Round"), and the submision by IGas of the planning for the Springs Road-1 well in the Gainsborough Trough.

Conventional Resources Exploration and Appraisal: During the year we completed the drilling and initial testing of the Wressle-1 oil and gas discovery in Lincolnshire and are highly encouraged by the results to date which have demonstrated the presence of producible hydrocarbons in three separate reservoirs. We are now working towards early commercialisation of the discovery.

Production: Production during the year was 173 barrels of oil equivalent per day ("boepd"); (2014: 238 boepd) against a revised target of 180 boepd. Production was from Ceres, Keddington and Avington with the Waddock Cross field being shut-in during the year due to the lower oil price and lower than anticipated production.

We have continued actively to manage our portfolio within the year, having achieved a number of acquisitions, disposals and farm-outs resulting in the Company retaining an interest in 36 licences at year end. We have reduced our exposure to France during the period with the objective of providing further focus on our UK assets.

Financial and Statutory Information

Revenue from oil and gas production during the year was £2.07 million (2014: £2.96 million) on production of 63,149 barrels of oil equivalent ("boe") (2014: 86,870 boe).

The Group recorded a loss of £4.47 million for the year ended 31 July 2015 after net write-downs, impairments and pre-licence costs of £3.62 million, of which pre-licence costs are £0.45 million (2014: loss of £0.46 million; after impairment of £0.54 million and exceptional profit of £1.08 million on farm-outs).

The Group has maintained a focus on managing our cash resources and at year end had net current assets of £7.18 million (2014: £10.8 million) of which £5.18 million was cash and cash equivalents (2014: £9.67 million).

In line with last year, the Directors do not recommend the payment of a dividend.

UK Regulation and Politics

The UK government passed The Infrastructure Act in March 2015, removing considerable regulatory uncertainty regarding sub-surface access for directional and horizontal drilling and enhancing an already strong and workable regulatory regime. The reduction in the supplementary tax charge from 30% to 20% in the recent budget is also welcome given the difficult oil and gas price environment.

The election of a majority Conservative government unambiguously committed to shale exploration is a positive development. They have acted quickly to ensure that local planning committees adhere to the 16 week planning decision window.

UK Unconventional Resources

Egdon was an active participant in the 14th Round which closed in October 2014 and after the year end we were advised that we will be offered interests in seven blocks or part blocks in the first tranche of awards. These offers build on the Company's unconventional resource exploration acreage in Northern England where Egdon has developed a strong licence position particularly in the Gainsborough Trough, an area identified by the British Geological Survey ("BGS") as holding high potential for unconventional resources. A second tranche of awards is expected in late 2015.

In line with our stated strategy, we will look to introduce a funding partner or partners into our Northern England licensed acreage at the appropriate time. We have confidence that the investment case for unconventional resource exploration in the UK remains strong. This view is supported by the high level of industry interest in the 14th Round and INEOS's farm-in to a proportion of IGas's acreage earlier this year.

Conventional Resources Exploration and Appraisal

There is significant potential for growth via an active exploration and appraisal drilling programme within our existing exploration portfolio. The lower capital and operating costs associated with onshore UK developments mean that these projects remain commercially attractive even during a period of lower commodity prices. Exploration drilling activity will again be focused in Northern England during the coming period with wells planned at Laughton, Biscathorpe and North Kelsey. The Company will also focus on gaining planning consent and farming out the "A" Prospect in UK offshore licence P.1929. Subject to consents it is hoped to be in a position to drill this onshore-to-offshore well late in 2016. In Southern England, plans for potential wells in Dorset and at Holmwood, where a successful planning appeal was announced in August 2015, are being progressed.

France

The political and regulatory situation in France shows no significant signs of improving for our industry. As such we have reduced our exposure to France during the period to provide clearer focus on our UK assets. During the period we have withdrawn our application for the Donzacq Permit and have written down the value of the Grenade-3 and Huiron-1 wells. This has resulted in a non-cash write-down of £2.93 million. In addition, after the year end, we completed the abandonment of the Grenade-3 well and will, therefore, withdraw our renewal application for the St Laurent permit. It is worthy of note that Egdon's involvement in France, which goes back to 1998, can still be viewed overall as a commercial success to date, as the sale of Egdon Resources (New Ventures) Limited to eCORP in 2010 yielded a cash consideration of £4.5 million.

Outlook

Subject to consents, 2016 should see several shale-gas exploration wells drilled and tested in the UK which will, if successful, focus investor attention on the few listed companies active in the UK. We also look forward to further licence offers when the second tranche of 14th Round awards are announced, hopefully towards the end of 2015.

A key well for the Company will be the first unconventional resource exploration well in the Gainsborough Trough – Springs Road-1. This carried well will provide important information towards de-risking and evaluating the unconventional resource potential of our acreage. Subject to planning and permitting, this well would be drilled in the summer of 2016.

Another prime focus during the coming year will be commercialisation of the Wressle-1 discovery and we hope to replicate this exploration success in our planned drilling activity during 2015-16. As a result of various planning restrictions and rig availability, drilling is now expected to commence in December 2015 at Laughton to be followed by an appraisal/development well at Keddington in the first quarter of 2016 which should result in increased production from this late life field.

The Company will continue to focus on fewer higher potential projects over the coming period and, as always, will continue to review opportunities to develop further shareholder value in the Company.

Despite the current low oil price and the uncertain future level, we believe that the fundamentals of the business remain strong with the Company holding a range of assets with excellent potential for both conventional and unconventional resources and a cash position which allows us to deliver on our strategy.

Finally, and as ever, I would like thank our shareholders for their continued support and acknowledge the continuing efforts of our hardworking and professional team.

Philip Stephens
Chairman
2 November 2015

Managing Director's Operating Review

Mark Abbott
Managing Director

I am pleased to update shareholders with a strategic review of our assets, operations and plans with a focus on key priorities and potential growth drivers.

Drilling

Egdon participated in the drilling of three exploration wells during the period, which resulted in the Wressle-1 oil and gas discovery and unsuccessful wells at Burton on the Wolds-1 and Kiln Lane-1.

The Wressle-1 well (PEDL180: Egdon 25%) reached a total depth of 2,240 metres measured depth (MD) (1,814 metres true vertical depth below OS datum) on 23 August 2014. Petrophysical evaluation of the log data indicated the presence of hydrocarbon pay in three main intervals; the Penistone Flags (15.9 metres vertical thickness), the Wingfield Flags (5.1 metres vertical thickness) and the Ashover Grit (5.8 metres vertical thickness). Subsequent test operations confirmed the presence of producible hydrocarbons in all three zones with combined flow rates of over 700 boepd.

The initial test of the Ashover Grit interval recorded flow rates of 80 barrels of oil per day ("bopd") and 47 thousand cubic feet of gas per day ("mscfg/d"). Evaluation of the test data indicated that the zone was impaired by a high "skin" effect (local formation damage) and so these results were not representative of potential cleaned-up productivity. An analysis indicates that initial production rates in excess of 500 bopd could be anticipated if the effects of the "Skin" can be successfully countered and operations to achieve this will form the initial workover programme to prepare the well for long-term production. The Wingfield Flags test yielded flow rates of up to 182 bopd, along with up to 456 mscfg/d. The oil from both zones is of good quality with a gravity of 39–40° API.

The test of the upper part of the Penistone Flags produced gas at facilities-restricted flow rates of up to 1.7 million cubic feet of gas per day ("mmscfg/d") with associated oil of up to 12 bopd. A deeper set of perforations in the Penistone Flags (Zone 3a) tested at a rate of approximately 77 bopd of oil with a gravity of 33° API. During a subsequent extended well test (EWT), Zone 3a was initially produced by pump and then allowed to free flow to surface. Maximum rates achieved were 131 bopd and 465 mscfg/d with no formation water, indicating that the oil water contact is deeper than previously considered.

Production at Wressle will initially focus on development of the Ashover Grit oil reservoir and a Field Development Plan ("FDP") is being prepared with a target for submission to the Oil and Gas Authority ("OGA") early in 2016. The 3D seismic data has been reprocessed and this will assist in updating the resource estimates for Wressle. In addition, planning and permitting applications will also be required to be submitted to North Lincolnshire Council and the Environment Agency and we are now focused on delivering the required consents to enable us to commence commercial oil production from the Ashover Grit in the second half of 2016.

The Burton on the Wolds-1 well (PEDL201: Egdon 32.5%) reached a total depth of 1,086 metres on 28 October 2014. The well penetrated only thin sands in the primary reservoir objective while the deeper secondary objective was encountered as non-reservoir rock. The well has been plugged and the site restored to agricultural use. As a result of previously announced farm-outs, Egdon's net share of the Burton on the Wolds-1 well cost was 15%.

The Kiln Lane-1 well (PEDL181: Egdon 25%), operated by Europa Oil and Gas Limited ("Europa"), reached a total depth of 2,291 metres on 19 March 2015, but was plugged and the site restored after the well encountered only minor oil and gas shows in Westphalian and Namurian sandstones. This was the first well in a large (540 km2) licence and the remaining potential of the area is being assessed.

Open and honest

Egdon looks to be a good neighbour in all of its operations.

We recognise that oil and gas exploration causes some public concern and we are committed to open and honest dialogue with communities about what our activities will mean in the local area. Egdon consults stakeholders at all stages of our operations and looks to address concerns through open dialogue.

Egdon is a member of UKOOG the representative body for the onshore oil and gas industry. UKOOG has developed the "Shale Community Engagement Charter" and should Egdon come forward with proposals for shale-gas wells we will ensure compliance with the charter.

Portfolio Management

UK

The Company has continued to execute its strategy of managing financial exposure and risk, and of focusing on fewer but higher potential projects by means of disposals, relinquishments, or farm-outs as appropriate. We have also continued to develop our portfolio of unconventional resources acreage especially in the Gainsborough Trough area, as evidenced by exercising our option to farm-in to Scottish Power's licences PL161 and PL162. During the period we sold our minority non-operated interests in licences P.1916 and PEDL126 to UK Oil and Gas Investments plc ("UKOG") receiving nominal consideration but reducing our exposure to the potential future abandonment of Markwells Wood-1. At year end Egdon held interests in 33 UK licences (2014: 33).

UKOG also farmed-in to PEDL143, which contains the Holmwood Prospect and will pay a 40% share of the Holmwood-1 drilling costs, capped at £1.2 million, to acquire a 20% interest from Egdon. Egdon's interest in the licence on completion will be 18.4%. We were pleased to have been advised In August 2015 of the successful planning appeal for the Holmwood-1 exploration well and in September 2015 received the final planning approval from Surrey County Council for the directional well path.

In PEDL005 (Remainder) farm-outs were agreed with Terrain Energy Limited ("Terrain") and Union Jack Oil plc ("Union Jack"). The licence, located in Lincolnshire, contains the Keddington producing oil field, part of the Louth oil prospect, and the North Somercotes gas prospect. Terrain will earn an additional 20% interest in the Keddington oil field in return for paying 40% of the cost of a new appraisal/development well expected to be drilled early in 2016 as a side-track to the Keddington-4 well. Planning Consent for such a well is already in place. Union Jack will earn a 10% interest in Licence PEDL005(R), in return for paying 20% of the cost of this well and 20% of the cost of an exploration well on the Louth prospect. In addition Union Jack would also earn a 10% interest from Egdon in a new licence containing part of the mapped Louth Prospect which might be awarded to the existing PEDL005(R) Joint Venture in the 14th Round.

Egdon also completed a farm-out of a further 1.2% interest in PEDL253 to Union Jack following their original farm-in of March 2013. Planning Consent was awarded for the Biscathorpe-2 well in March 2015 and Egdon's share of the well costs will now be 45.6% as a result of Union Jack carrying in total 7.2% of Egdon's costs. Biscathorpe is estimated by Egdon as having potential gross mean Prospective Resources of 14 million barrels of oil ("mmbo") with a stratigraphically trapped upside of 41 mmbo.

Egdon acquired an additional 40% interest in PEDL241 from Celtique Energie Petroleum Ltd. ("Celtique") increasing the Company's interest in the licence to 80% in return for a nominal consideration. PEDL241 contains the North Kelsey Prospect which is located approximately 10 kilometres to the south of the Wressle-1 discovery and is estimated by Egdon to contain gross mean Prospective Resources of 6.0 mmbo. Planning Consent was received for the North Kelsey-1 well in December 2014 and the well is expected to be drilled in the first half of 2016.

In November 2014 Egdon acquired Yorkshire Exploration Limited ("YEL") for a consideration of £75,000 in Egdon shares and assumption of debt of £58,058. YEL's sole asset is an 8% interest in PEDL068 where Egdon now holds a 48% interest. Licence PEDL068 contains the shut-in Kirkleatham gas field and the Westerdale/Ralph Cross gas discovery. The acquisition adds approximately 0.70bcf of Best Estimate Contingent and Prospective Conventional Resources.

We have also made partial relinquishments in a number of licences to reflect the areas of identified prospectivity and reduce ongoing licence rental costs.

France

At year end Egdon held interests in three French Permits or Permits pending renewal or award (2014: four).

Post year-end we have completed the final abandonment of the Grenade-3 well, which was partially plugged back following drilling in 2008, and this is being followed by restoration of the site to its original agricultural state. On completion of this work we will withdraw our application for an exceptional extension to the St Laurent licence term having already withdrawn the Donzacq permit application. Along with writing down the value of the Huiron-1 well in the Mairy Permit, this has resulted in a non-cash write-down of £2.93 million and a reduction of 151 mmboe in the Company's Best Estimate Contingent and Prospective Resources, largely as a result of relinquishing the large but high risk gas prospect at Audignon and the heavy oil discovery at Grenade. This reduction in our exposure to France is driven by the current operating conditions and a desire to focus resources on our UK assets. We will continue to keep our remaining French assets under review over the coming period as we await the formal approval of the Pontenx permit renewal.

14th Round

Egdon applied for a number of blocks in the 14th Round which closed in October 2014. We were advised in August 2015 of the offer of seven blocks or part blocks in the first tranche of offers under the round totalling 20,000 acres. The offered blocks are located in the East Midlands Petroleum Province and provide a mix of new conventional and unconventional (shale-gas/tight-oil) resources opportunities within an existing core area. Given the high level of industry interest and competition in the 14th Round we are pleased to have been offered a high percentage of the blocks applied for in this initial tranche.

In the Gainsborough Trough, the Company is to be offered a 15% interest in Blocks SE41e, SK49, SK89e, SK88b and SK87c. These blocks will be in a joint venture with IGas (35% and operator) and Total E&P UK Limited (50%), building on the Company's existing relationships and strong licence position within this area.

In the Widmerpool Basin, Egdon will be offered an 18.75% operated interest in Blocks SK52a and SK53 in a joint venture with Hutton Energy Limited (25%), Coronation (Oil and Gas) Limited (25%), Celtique Energie Petroleum Limited (18.75%) and Petrichor Energy UK Limited (12.5%).

Egdon has also applied for a number of additional blocks in the round and anticipates that a second tranche of 14th Round offers will be made around the turn of the year after the conclusion of a consultation under the Conservation of Habitats and Species Regulations 2010.

UK Conventional Resources

Production

Production during the year from Ceres, Keddington and Avington, with a small contribution from Wressle testing, was 173 boepd against our revised target of 180 boepd. The Ceres field has continued to produce at rates above the expected profile, although it is expected to end continuous production during 2016. On conclusion of field production we will continue to benefit from recovery of "back-out" gas from the Neptune and Mercury gas fields for a number of years. As previously announced, Waddock Cross was shut-in during the year in response to low oil price and an impairment of £0.479 million was made during the year. However, Waddock Cross is considered to hold a large volume of oil in-place (estimated at over 30 mmbo) and we are developing a new plan for commercial production at the site.

Our late life producing oil fields are marginally economic in the current oil price environment due to fixed operating costs becoming a higher percentage of total operating costs. As such we will continue to maintain a strong focus on reducing costs and increasing production rates at existing sites. In this regard we are planning to drill a sidetrack appraisal/development well, Keddington-5, at the Keddington Field early in the first quarter of 2016. To reduce our technical risk and financial exposure to this well we have concluded two farm-outs which combined will bring our net share of the well cost down to 15%. Bringing the Wressle-1 discovery into commercial production will also be a key focus for the coming period although we do not expect a contribution to our production and revenues from Wressle until early in the next financial year.

Exploration

Owing to the lower capital and operating costs associated with onshore UK developments, exploration prospects remain commercially attractive even under lower commodity price assumptions. As such we continue to progress our conventional resources exploration programme in the UK.

We have been successful in gaining Planning Consents for the drilling and subsequent testing of operated exploration wells at Laughton, North Kelsey and Biscathorpe, all of which are expected to be drilled in the next year.

Committed to the highest standards

Egdon Resources plc wishes to build value through developing sustainable long-term relationships with partners and the community and is committed to the highest standards of health, safety and environmental protection; these aspects command equal prominence with other business considerations.

The onshore oil and gas industry has an excellent record in relation to health and safety and environment protection.

Onshore oil and gas regulation in the UK has been recognised as an exemplar by the rest of the world. The industry is regulated by a number of statutory bodies including the Environment Agency (EA), Health and Safety Executive (HSE), the Oil and Gas Authority (OGA) and the local minerals planning authority. In addition the industry is governed by 14 separate pieces of European legislation.

The first programme of drilling is expected to commence in December 2015 with the Laughton-1 well in PEDL209. This well will target a structural trap with multiple conventional Carboniferous sandstone reservoir targets which have been productive at the Corringham Oil Field located five kilometres to the South East. Egdon currently estimate the combined gross Best Estimate Prospective Resources to be around 1.3 million barrels of oil for the Laughton Prospect. The second well to be drilled will be the Keddington-5 sidetrack described above.

A key focus for the Company during the coming period will be the "A" Prospect in UK offshore licence P.1929, located adjacent to the North Yorkshire coast. Egdon's current evaluation of this 1966 gas discovery indicates the potential for the prospect to contain Best Estimate Contingent Resources of 160 billion cubic feet ("BCF") of gas. We are progressing plans to drill a well from an onshore location to appraise the discovery and expect to submit a planning application following the second tranche of 14th Round offers.

We will continue to manage risk within our exploration portfolio through farm-outs and will look to introduce further partners into Biscathorpe, North Kelsey and the "A" Prospect prior to drilling.

Following the positive outcome of the long-running process to gain planning consent for the Holmwood-1 exploration well, the operator, Europa, has advised that the well, on which Egdon will be carried by UKOG, is likely to be drilled late in 2016 or 2017. Elsewhere we are progressing our evaluations with a view to a potential exploration well in our Wessex Basin licences and look forward to evaluating the conventional resources potential of new blocks to be offered to Egdon in the first and second tranches of 14th Round awards.

UK Unconventional Resources

Growing the Company's exposure to unconventional resources exploration opportunities in Northern England is a key part of Egdon's strategy and we have confidence that the investment case remains strong for UK shale-gas. There have been important developments during the period with the Infrastructure Act 2015 providing clarity on sub-surface access rights and clarifications in relation to planning decision timetables. Against this we have seen the refusal of the Cuadrilla planning applications and continuing activist led opposition to shale-gas. We strongly believe that the UK has the regulatory regime in place to enable the many benefits of indigenous gas (security of supply, jobs, taxation, etc.) to be realised safely and with minimum environmental impact and that, as an industry, we need to continue to make our case at a local and national level.

In November 2014 Egdon reported assessed prospective unconventional resource acreage totalling 140,000 net acres with estimated mean undiscovered gas initially in place ("GIIP") of approximately 28 trillion cubic feet ("TCF") of gas. We have made further progress during the period in relation to building on our position with the exercise of an option with Scottish Power in December 2014 to farm-in to licences PL161 and PL162 located adjacent to PEDL139/140 and PEDL209. We have identified a lead with conventional resource potential within PL161/PL162 which, if confirmed by a planned new infill 2D seismic programme, will probably form the target for our farm-in well. In addition, and as detailed above, during August 2015 we were informed that Egdon will be offered interests in seven blocks in the Gainsborough Trough and Widmerpool Basin in the 14th Round. These new offers will increase our unconventional resource acreage to 160,000 net acres and we will update our resource assessment after the second tranche of awards expected in late 2015.

The Gainsborough Trough is a key focus area for Egdon's unconventional resources exploration. IGas, joint venture partner and operator of PEDL139/140, has recently submitted a planning application for the drilling of the first deep exploration well in the basin at Springs Road. Subject to receipt of planning and permits it is hoped to drill this well in the summer of 2016. Total will carry Egdon's costs on the well under the terms of their farm-in to the licences originally announced in January 2014. The initial well will be vertical to enable the acquisition of core and modern log data from the key shale intervals. It will not be hydraulically fractured and tested during this initial programme.

We plan to introduce a funding partner or partners into our Northern England shale-gas acreage at the appropriate time and continue to review the best timing for this. In the meantime we look forward to the announcement of the second tranche of 14th Round offers and to the outcome of the Springs Road planning process.

Forward Plan

The next year will see us focus on commercialisation of the Wressle-1 discovery with an expectation of production starting early in the second half of 2016. We are also planning the drilling of the Keddington-5 sidetrack in the first quarter of 2016. We therefore expect Group production for the coming year to be 180 boepd.

We hope to replicate the success of Wressle-1 in the planned conventional exploration wells at Laughton-1, Biscathorpe-2 and North Kelsey-1, drilling of which is expected to commence during December 2015 once the rig becomes available. This programme will expose the Company to mean Prospective Resources potential of 13 mmboe with the wells having a chance of success ranging from 25% to 40%.

We will continue to look to improve the quality of our portfolio of assets, as we await the announcement of the second tranche of offers in the 14th Round and beyond, and to introduce further farm-in partners into certain of our assets.

The coming period could be important for the development of UK shale-gas with, subject to the outcomes of planning applications and appeals, a deep well at Springs Road in the Gainsborough Trough and drilling and testing operations by others in Lancashire and Yorkshire.

Mark A W Abbott
Managing Director
2 November 2015

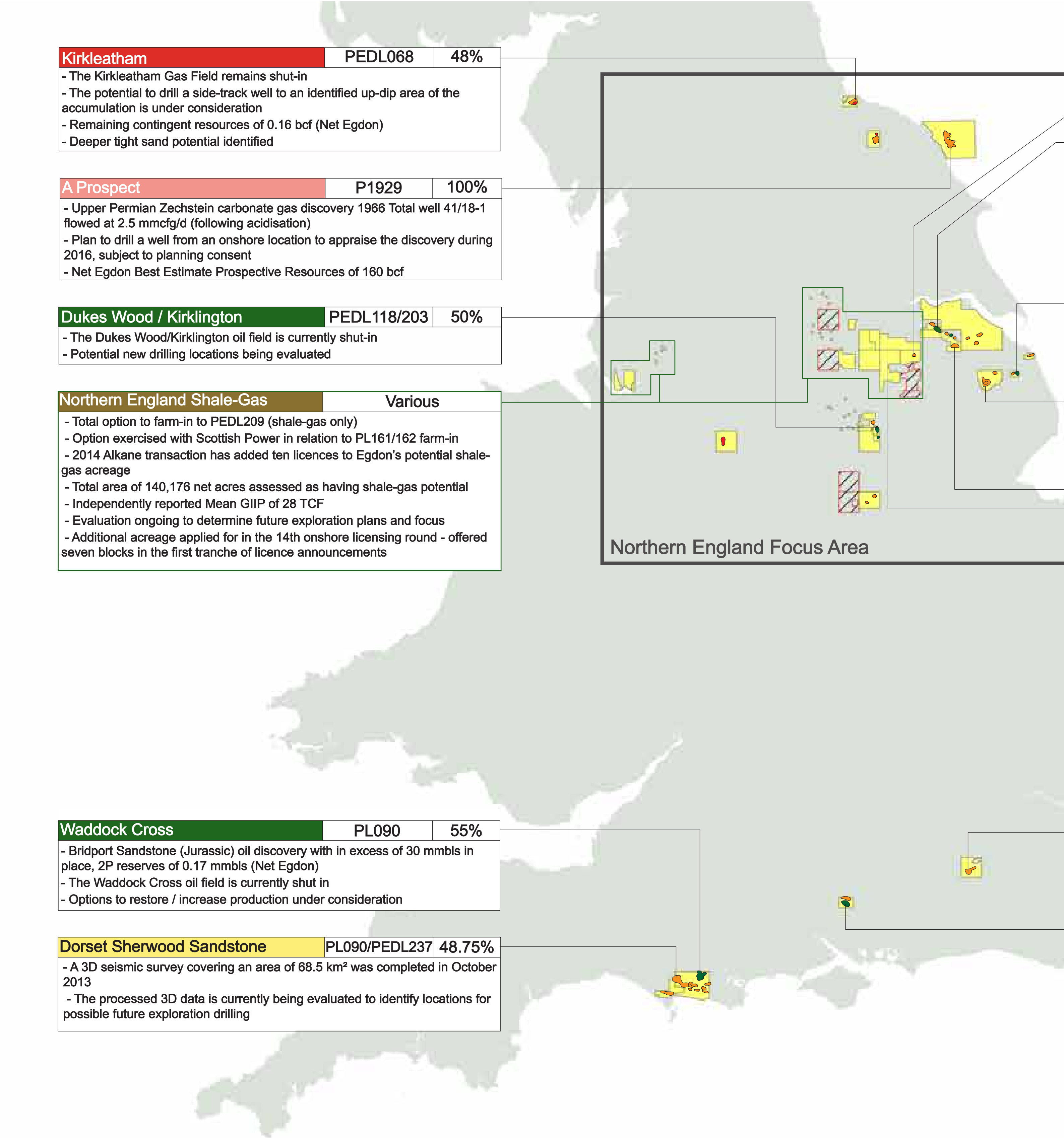
Oil and Gas Reserves and Resource Estimates

Class of reserve/resource	Proven	Proven + probable	Proven + probable + possible	Units	Field/Prospect Name
Net Oil Reserves	0.13	0.23	0.41	MMbbls	Keddington, Avington ,Dukes Wood/ Kirklington, Waddock Cross phase 1
	Low Estimate	**Best Estimate**	**High Estimate**		
Net Oil Contingent Resources	0.58	1.58	3.93	MMbbls	Waddock Cross phase 2, Wressle
Net Oil Prospective Resources (conventional)	27.08	72.25	141.83	MMbbls	Louth, North Kelsey, Biscathorpe, Pontenx, Casterbridge/Broadmayne and others

Class of reserve/resource	Proven	Proven + probable	Proven + probable + possible	Units	Field/Prospect Name
Net Gas Reserves	0.57	0.90	1.59	Bcf	Ceres, Nooks Farm
	Low Estimate	**Best Estimate**	**High Estimate**		
Net Gas Contingent Resources	2.89	4.36	6.59	Bcf	Kirkleatham, Keddington Namurian, Westerdale
Net Gas Prospective Resources (conventional)	48.74	170.82	291.49	Bcf	A Prospect, North Somercotes and others
Net Gas Prospective Resources (un-conventional)	1431.49	2138.20	6076.90	Bcf	UK Northern England shale-gas assets
Total Net Prospective Gas Resources	1480.23	2309.02	6368.39	Bcf	
Total Contingent and Prospective Resources	274.85	459.39	1208.26	Mmboe	

Note: all numbers are Company estimates

United Kingdom Licences Summary



Kirkleatham	PEDL068	48%

- The Kirkleatham Gas Field remains shut-in
- The potential to drill a side-track well to an identified up-dip area of the accumulation is under consideration
- Remaining contingent resources of 0.16 bcf (Net Egdon)
- Deeper tight sand potential identified

A Prospect	P1929	100%

- Upper Permian Zechstein carbonate gas discovery 1966 Total well 41/18-1 flowed at 2.5 mmcfg/d (following acidisation)
- Plan to drill a well from an onshore location to appraise the discovery during 2016, subject to planning consent
- Net Egdon Best Estimate Prospective Resources of 160 bcf

Dukes Wood / Kirklington	PEDL118/203	50%

- The Dukes Wood/Kirklington oil field is currently shut-in
- Potential new drilling locations being evaluated

Northern England Shale-Gas	Various

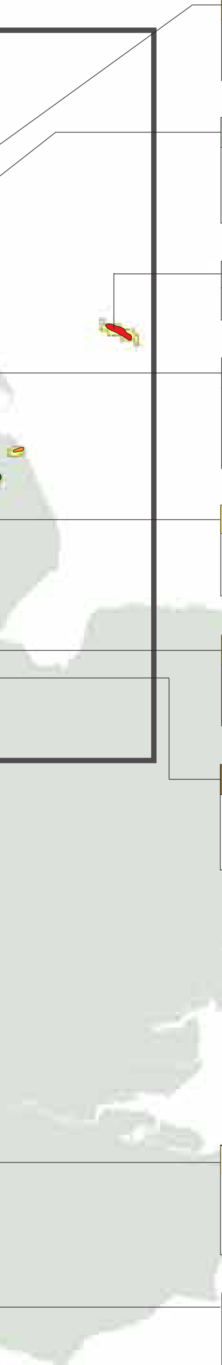
- Total option to farm-in to PEDL209 (shale-gas only)
- Option exercised with Scottish Power in relation to PL161/162 farm-in
- 2014 Alkane transaction has added ten licences to Egdon's potential shale-gas acreage
- Total area of 140,176 net acres assessed as having shale-gas potential
- Independently reported Mean GIIP of 28 TCF
- Evaluation ongoing to determine future exploration plans and focus
- Additional acreage applied for in the 14th onshore licensing round - offered seven blocks in the first tranche of licence announcements

Waddock Cross	PL090	55%

- Bridport Sandstone (Jurassic) oil discovery with in excess of 30 mmbls in place, 2P reserves of 0.17 mmbls (Net Egdon)
- The Waddock Cross oil field is currently shut in
- Options to restore / increase production under consideration

Dorset Sherwood Sandstone	PL090/PEDL237	48.75%

- A 3D seismic survey covering an area of 68.5 km² was completed in October 2013
- The processed 3D data is currently being evaluated to identify locations for possible future exploration drilling



Laughton	PEDL209	60%
- Exploration well planned for Q4 2015 - Well to target 0.78 mmbls of Net Egdon Best Estimate Prospective		

Wressle	PEDL180	25%
- Exploration well drilled in Q3 2014, flow test operation: 2015 - Flowed hydrocarbons from four intervals at an aggregate of 710 boepd - Field development planned for 2016		

Ceres	P.1241	10%
- Lower Permian Leman Sandstone reservoir gas field		

Keddington	PEDL005(R)	45%*
- Carboniferous sandstone oil field with two producing wells - Sidetrack well is planned for Q1 2016 * on completion of farm-outs		

Biscathorpe	PEDL253	52.8%
- Exploration well planned for 2016 - Well to target 7.4 mmbls Net Egdon Best Estimate Prospective Resources		

North Kelsey	PEDL241	80%
- Exploration well planned for 2016 - Well to target 4.8 mmbls Net Egdon Best Estimate Prospective Resources		

Gainsborough Trough	PEDL139/140	14.5%
- 3D seismic acquired and evaluated in 2014 - Carried 2016 exploration well (Springs Road) subject to receipt of planning and other consents		

Holmwood	PEDL143	18.4%
- The Jurassic Carbonate and Sandstone Holmwood Prospect contains Net Egdon Best Estimate Prospective Resources of 16.6 bcf or 5.6 mmbls oil - Farm-out completed for 2016/17 well		

Avington	PEDL070	26.67%
- Great Oolite (Jurassic) oil field with two producing wells - Net Egdon production of c. 20 bopd - The potential for additional development wells remains under review		

KEY

- Producing Asset Oil
- Producing Asset Gas
- Discovery Oil
- Discovery Gas
- Conventional Oil/Gas Prospect
- Unconventional Gas Prospect
- 14th Round First Tranche Offered Blocks

Financial Review

Ken Ratcliff
Chairman of Audit Committee

Results

The Group recorded a loss after tax of £4.47 million for the period (2014: £0.46 million) after a significant non-cash write down in respect of our French permits, other impairments and pre-licence costs amounting in total to £3.62 million (2014: £0.54 million).

Revenue from oil and gas production during the year was down 30% to £2.07 million (2014: £2.96 million) due in part to a small drop in production levels but in the main due to falls in commodity prices that have affected the entire industry. Whilst the fall in commodity price has not been welcome the Company has taken some comfort in the fact that the majority of its production can remain profitable at the point of extraction even at the prevailing prices although the Waddock Cross field was shut-in during the year due to lower oil price and lower than anticipated production.

Cost of sales have increased considerably over 2014, due principally to an impairment provision in respect of the French licences, mitigated to some extent by the reverse impairment credits associated with the Ceres and Kirkleatham gas fields, and application costs in respect of the 14th Round of £0.45 million. Awards are being announced in two tranches; considering the high level of industry competition in the round we are pleased to have been offered a high percentage of blocks applied for in the initial tranche.

Administrative expenses incurred during the year reflect the effect of a comprehensive salary review of Executive and Non-executive Directors' salaries and include the financial effects of staff movements commensurate with the Group's current strategy.

Loss per share for the period was 2.02p (2014: 0.30p). Exploration costs written off and pre-licence costs amounted to £4,139,657 (2014: £326,992) inclusive of write-offs in respect of relinquished licences of which there were none in 2015 but four in 2014 amounting to £285,908. Additionally, following on from the normal periodic impairment review of asset values, a net write back of earlier impairments totalling £521,333 has been made in the financial statements (2014: write off £542,000) principally derived from revised valuations of the Ceres and Kirkleatham Gas Fields.

No taxation charge arises on the result for the year. As at 31 July 2015, the Group had carry forward tax losses of £37,704,083 (2014: £31,235,026).

Statement of Financial Position

The Group is debt free and has maintained a focus on managing its cash resources and at year end had net current assets of £7.18 million (2014: £10.8 million) of which £5.18 million was cash and cash equivalents (2014: £9.67 million).

During the year there has been active portfolio management including successful drilling at Wressle and strategic acquisitions involving the 14th Round, an additional licence interest from Celtique and the acquisition of Yorkshire Exploration Limited.

The decrease in Debtors to £2.89 million from £5.45 million reflects the normal working capital movements commensurate with a business of this nature aside from the fact that in the previous year debtors included a recoverable VAT figure of £2.1 million in respect of the Alkane transaction. Similarly the decrease in Creditors to £0.94 million from £4.37 million reflects the £2.1 million VAT payment due to Alkane at the end of the prior year. Creditors at 31 July 2014 were also higher due to payments outstanding in respect of drilling activity straddling that year end.

In line with last year the Directors do not currently recommend the payment of a dividend.

Key Performance Indicators

The Board considers both financial and non-financial Key Performance Indicators ("KPIs") in measuring the performance of the business as summarised in the table below.

KPIs	y/e 31 July 2015	y/e 31 July 2014	Change
Revenues	£2.07 million	£2.96 million	-30.07%
Total Comprehensive Income (Net Loss)	£(4.47) million	£(0.46) million	-879.01%
Net Current Assets (including cash)	£7.18 million	£10.80 million	-33.55%
Equity	£32.05 million	£36.41 million	-11.96%
Production Volumes	63,149 boe	86,870 boe	-27.31%
No. of Licences	36	36	–
Reserves and Resources (Most likely)	459 mmboe	632 mmboe	-27.37%
Reportable Health and Safety Incidents	1	1	–

As is evident from the table above it has been a challenging year for the Group in line with the Industry in general. The fall in commodity prices has taken its toll but in general terms the Group is satisfied with its performance overall. Commodity prices and the political/regulatory situation have influenced our strategic thinking following which it has been prudent to make a substantial impairment provision against the French licences as is reflected in the table.

Risk Management

The Board takes into consideration a broad and comprehensive analysis of potential risk factors that may affect the business of the Group. From our current review of those factors the table below identifies the key risks faced by the Group at this time, their potential effect on the Group's business and our strategies to mitigate the impact. The risks listed are not exhaustive and additional risks and uncertainties, not presently identified or considered material by the Company, may arise or become material in the future.

Like all exploration and production businesses the Group is exposed to a range of external risks which are, by definition, beyond the Group's control but are regarded as having a potentially high impact upon the business. In addition there are other risks arising through the conduct of the Group's operations that are also identified as having the potential to impact upon the Group's trading.

The Group seeks to manage and mitigate these risks through maintaining a spread of exploration and production interests, through compliance with the terms of its licences, through adopting policies appropriate to the Group's size and by the use of skilled personnel.

A key risk at all times is related to the operational, financial and reputational risk associated with a health, safety or environmental incident in any of the Group's operations. Egdon employs a full-time HSE manager and operates using best practice in all of its operations. The Group also maintains appropriate levels of insurance for all of its operations to ensure adequate cover in the case of any incident.

Regulatory uncertainties in both the UK and in France in relation to unconventional plays continue to have an impact on the business during the period and on a more general level, uncertainties in France have had a bearing upon the Group's developing strategy.

External risks & mitigation

• Oil and gas price volatility presenting a high risk both financially and operationally	Use range of commodity prices in forecasting. Adopt a conservative approach to funding without recourse to debt if possible. Look to hedging as production volumes and number of fields increase. Maintain low cost of production at existing and future sites.
• Political risk, detrimental regulatory and fiscal changes presenting a high risk both financially and operationally	Develop sustainable relationships with government ministries and collaborate with industry bodies to communicate interests to government authorities. Actively engage with and lobby regulatory bodies. Consult with independent advisors and law enforcement agencies on matters of security.

Inherent risks & mitigation

• Loss of key staff resulting in operational risks to the business	Maintain competitive remuneration policies to attract and retain staff. Regular review of staff incentive packages by Remuneration Committee.
• HSE incident or major well-site hydrocarbon leakage resulting in operational, environmental and financial risks	HSE management systems and standards set and monitored across the Group, comprehensive insurance policies.
• Under-performing assets or failure in producing assets representing a financial and operational risk	Range of production forecasting in budget process. Increase number and breadth of producing assets to reduce reliance on single-site performance.

Ken Ratcliff
Chairman of Audit Committee
2 November 2015

Board of Directors

Philip Stephens

Chairman

Philip is a corporate financier with 38 years of City experience. He is currently Chairman of Neptune-Calculus Income and Growth VCT plc and Chairman of Foresight 4 VCT plc. He was Joint Head of the Corporate Finance Department of stockbrokers Williams de Broë for four years until his retirement in 2002 and before that was Head of UK Corporate Finance at UBS from 1995, having joined in 1989.

Mark Abbott

Managing Director

Mark is an experienced geophysicist and founding Director of Egdon Resources plc. He graduated from the University of Nottingham in 1985 with a degree in Exploration Sciences (Geology/Geophysics/Mining Engineering). He worked for the British Geological Survey from 1985 to 1992, the International Division of British Gas Exploration and Production Limited from 1992 to 1996 and Anadarko Algeria Corporation from 1996 to 1997. He is a council member of UKOOG and a trustee of the UK Onshore Geophysical Library. He is also a Director of MA Exploration Services Limited and Bishopswood Pavilion Limited.

Jerry Field

Exploration Director

Jerry has over 35 years' oil industry experience in small-to-medium sized E&P companies (including Weeks Petroleum, Triton, Ranger, Canadian Natural Resources, Toreador and Northern Petroleum). Jerry has a breadth of experience of exploration in Europe, Africa, the Middle East and the Indian subcontinent and has spent much of his career working in Egdon's core areas of the UK Onshore and France.

Walter Roberts

Non-executive Director and Company Secretary

Walter is an oil and gas lawyer with an engineering background. He qualified as a solicitor with Simmons & Simmons before joining Phillips Petroleum in 1980. In 1986 he set up the legal department for Lasmo in Australia and later became the principal UK joint venture negotiator for Talisman. He is an Executive Director of Pinnacle Energy Limited.

Ken Ratcliff

Non-executive Director

Ken is a chartered accountant with extensive finance and business experience. He is is the co-founder and former Accountant at Geokinetics Processing UK Limited. Ken is Non-executive Chairman of InfraStrata plc and has previously held senior management positions with GDC UK Limited, Ensign Geophysics Limited, Seismic Geocode Limited, Tenneco Corporation and Merlin Geophysical Limited.

Andrew Lodge

Non-executive Director

A highly experienced geoscientist and manager, Andrew recently retired as Exploration Director of Premier Oil plc. Prior to joining Premier in 2009, Andrew was Vice-President – Exploration at Hess, where he was responsible for Europe, North Africa, Asia and Australia. Previously, he was Vice President – Exploration, Asset Manager and Group Exploration Advisor for BHP Petroleum. Prior to joining BHP Petroleum, he worked for BP as a geophysicist.

Neil O'Brien

Non-executive Director

Neil is a chartered accountant with over 20 years' management experience within the UK and Europe. He is Chief Executive Officer of Alkane Energy. After qualifying at Coopers Lybrand, Neil held senior management positions with Blue Circle Industries PLC and Speedy Hire PLC, the UK's largest rental company and a FTSE 250 member.

Corporate Governance Statement

The Egdon Resources plc Board is committed to running its business with integrity and high ethical standards across all of the Group's activities. The Directors recognise the value of the UK Corporate Governance Code and whilst under the AIM Rules compliance is not required, the Directors have regard to the recommendations in so far as is practicable and appropriate for a public company of its size.

The Board

The Board comprises two Executive Directors and five Non-executive Directors.

The background and experience of the Directors are relevant to the Group activities and are summarised on page 17 of this report. As such, the Directors are of the opinion that the Board comprises a suitable balance as recommended by the UK Corporate Governance Code.

The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management of the Company is devolved to the Managing Director who is charged with consulting the Board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation amongst the Directors concerned where necessary and appropriate.

The Board meets regularly throughout the year and met eight times in the year to 31 July 2015. All meetings were attended by all Directors, except one which was only partly attended as it was merely to record formal approval to matters already approved in principle.

A statement of the Directors' responsibilities in respect of the financial statements is set out on page 21.

The Company has established Audit and Remuneration committees which are discussed further below.

Audit Committee

An Audit committee has been established and currently comprises Ken Ratcliff (Chairman) and Philip Stephens. The Audit committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. This includes reviewing significant financial reporting issues and accounting policies and disclosures in financial reports. The Audit committee reviews the scope and results of the external audit and monitors the integrity of the financial statements of the Company. If required, meetings are attended by appropriate members of senior management. The external auditor has unrestricted access to the Chairman of the committee. The Audit committee is also responsible for reviewing the requirement for an internal audit function.

The Audit committee plans to meet at least twice a year. The committee met three times in the year to 31 July 2015.

Remuneration Committee

A Remuneration committee has been established and its current members comprise Walter Roberts (Chairman), Philip Stephens and Ken Ratcliff. The principal objective of the Remuneration committee is to ensure that members of the Executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.

The Company's policy is to remunerate senior Executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration committee agrees with the Board a framework for the remuneration of the Chairman, the Executive Directors and the senior management of the Company. Non-executive fees are considered and agreed by the Board as a whole.

The Remuneration committee plans to meet at least twice in each year. Although it only met formally once in the year to 31 July 2015 to consider salary increases for Executive and Non Executive Directors, there were various ad hoc discussions between members during the year, usually as part of main Board meetings.

Nomination Committee

The Company has not established a Nomination committee as the Directors are of the opinion that such a committee is inappropriate given the current size of the Group.

Relations with Shareholders

Communication with shareholders is given a high priority and the Managing Director has regular dialogue with institutional investors, as well as making general presentations to analysts at the time of the annual and interim results.

The Group maintains a website (www.egdon-resources.com) for the purpose of providing information to shareholders and potential investors. The website contains all news, releases, reports and financial statements and public presentations. In addition, further detailed information about the Group's activities is available on the website.

Enquiries from individual shareholders in relation to their shareholding and the business as a whole are welcomed and the website has an enquiry facility and contact details to assist in facilitating this. Shareholders are encouraged to attend the Annual General Meeting at which they are able to put questions to the Chairman and other Board members.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements of Egdon Resources plc for the year ended 31 July 2015.

Business Review

The principal activity of the Group during the year continued to be exploration and production of hydrocarbons in the UK and France.

Health, Safety and Environmental

The Company wishes to build value through developing sustainable long-term relationships with partners and the community and is committed to the highest standards of health, safety and environmental protection; these aspects command equal prominence with other business considerations.

There was one reportable health and safety incident during the year (2014: one).

Results and Dividends

The Group recorded a loss after tax of £4.47 million for the year (2014: £0.46 million). The loss for the year is after charging impairments, exploration write-downs and pre-licence costs of £3.62 million (2014: £0.87 million) and a loss on licence interest transactions of £0.13 million (2014: profit of £1.08 million).

In line with last year the Directors do not currently recommend the payment of a dividend.

Share Capital

At the date of this report 221,345,811 ordinary shares are issued and fully paid. Details of movements in share capital during the year are given in note 25 to the financial statements.

Substantial Shareholders

As of the date of this report the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital:

	% Shares
Alkane Energy plc	18.07
Premier Oil PLC	17.71
Hargreave Hale & Co	10.99
JP Morgan Asset Management	8.28
Hargreave Lansdown Asset Mgt	6.21
Heyco Energy Holdings SL	3.51
Mark A W Abbott	3.42

No Directors, other than Mark Abbott, hold 3% or more in the Company's share capital.

Directors

The Directors of the Company at the date of this report, and their biographical summaries, are given on page 17. All seven Directors served throughout the year.

The Directors' remuneration is detailed in note 8 to the financial statements. All Directors benefit from the provision of Directors' and Officers' indemnity insurance policies. Premiums payable to third parties are described in note 8.

Financial Instruments

The financial risk management objectives and policies of the Company in relation to the use of financial instruments and the exposure of the Company and its subsidiary undertakings to its main risks, credit risk and liquidity risk, are set out in note 23 to the financial statements.

Employees

The Group had 12 employees as at 31 July 2015 (2014: 12). Employees are encouraged to directly participate in the business through a share option scheme. Details of the share option scheme are given in note 9 to the financial statements.

Auditor

A resolution to reappoint the auditor, Nexia Smith & Williamson, will be proposed at the forthcoming Annual General Meeting.

Going Concern

Note 2 to the financial statements refers to the assumptions made by the Directors when concluding that it remains appropriate to prepare the financial statements on the going concern basis.

Disclosure of Information to the Auditor

In the case of each person who was a Director at the time this report was approved: so far as the Director was aware there was no relevant available audit information of which the Company's auditor was unaware and that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Mark A W Abbott
Managing Director
2 November 2015

Statement of Directors' Responsibilities

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the Members of Egdon Resources plc

We have audited the financial statements of Egdon Resources plc for the year ended 31 July 2015 which comprise the Consolidated statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

2 November 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2015

	Notes	2015 £	2014 £
Continuing operations			
Revenue	3	**2,067,702**	2,957,064
Cost of sales – exploration costs written off, impairments and pre-licence costs		**(3,618,324)**	(868,992)
Cost of sales – depreciation and other		**(1,964,647)**	(2,852,710)
Total cost of sales		**(5,582,971)**	(3,721,702)
Gross loss		**(3,515,269)**	(764,638)
Administrative expenses		**(1,153,969)**	(832,270)
Other operating income		**130,687**	141,649
Exceptional item – profit from licence transactions	5	**–**	1,082,595
Exceptional item – negative goodwill arising on acquisition	18	**71,880**	–
		(4,466,671)	(372,664)
Finance income	11	**20,845**	1,152
Finance costs	12	**(22,442)**	(84,893)
Loss before taxation	4	**(4,468,268)**	(456,405)
Taxation	13	**–**	–
Loss for the year		**(4,468,268)**	(456,405)
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year attributable to equity holders of the parent		**(4,468,268)**	(456,405)
Loss for the year per share			
Basic loss per share	14	**(2.02)p**	(0.30)p
Diluted loss per share	14	**(2.02)p**	(0.30)p

Consolidated Statement of Financial Position

As at 31 July 2015

	Notes	2015 £	2014 £
Non-current assets			
Intangible assets	16	**17,864,269**	18,399,479
Property, plant and equipment	17	**8,838,286**	8,494,861
Total non-current assets		**26,702,555**	26,894,340
Current assets			
Trade and other receivables	19	**2,889,466**	5,452,920
Available for sale financial assets	20	**50,000**	50,000
Cash and cash equivalents	21	**5,180,333**	9,666,885
Total current assets		**8,119,799**	15,169,805
Current liabilities			
Trade and other payables	22	**(940,761)**	(4,365,249)
Net current assets		**7,179,038**	10,804,556
Total assets less current liabilities		**33,881,593**	37,698,896
Non-current liabilities			
Provisions	24	**(1,827,288)**	(1,288,254)
Net assets		**32,054,305**	36,410,642
Equity			
Share capital	25	**14,164,337**	14,158,872
Share premium	26	**20,619,616**	20,550,081
Share-based payment reserve		**160,430**	123,499
Retained earnings		**(2,890,078)**	1,578,190
		32,054,305	36,410,642

These financial statements were approved by the Board of Directors and authorised for issue on 2 November 2015

They were signed on its behalf by:

Mark A W Abbott
Managing Director

Company registration number 06409716

Company Statement of Financial Position

As at 31 July 2015

	Notes	2015 £	2014 £
Non-current assets			
Property, plant and equipment	17	**3,226**	6,320
Investments	18	**15,196,930**	15,121,930
Total non-current assets		**15,200,156**	15,128,250
Current assets			
Trade and other receivables	19	**16,250,455**	16,622,145
Cash and cash equivalents	21	**3,517,407**	5,724,721
Total current assets		**19,767,862**	22,346,866
Current liabilities			
Trade and other payables	22	**(136,192)**	(2,150,897)
Net current assets		**19,631,670**	20,195,969
Total assets less current liabilities		**34,831,826**	35,324,219
Non-current liabilities			
Provisions	24	**(20,525)**	(30,761)
Net assets		**34,811,301**	35,293,458
Equity			
Share capital	25	**14,164,337**	14,158,872
Share premium	26	**20,619,616**	20,550,081
Merger reserve	27	**2,357,816**	2,357,816
Share-based payment reserve		**160,430**	123,499
Retained earnings – deficit		**(2,490,898)**	(1,896,810)
		34,811,301	35,293,458

These financial statements were approved by the Board of Directors and authorised for issue on 2 November 2015

They were signed on its behalf by:

Mark A W Abbott
Managing Director

Company registration number 06409716

Consolidated Statement of Cash Flows

For the year ended 31 July 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss before tax	**(4,468,268)**	(456,405)
Adjustments for:		
Depreciation and impairment of fixed assets	**451,819**	1,739,345
Exploration costs written off	**3,673,780**	285,824
Foreign exchange (gains)/losses	**(93,060)**	54,734
Negative goodwill	**(71,880)**	–
Revaluation of accrued income	**292,729**	–
Loss/(Profit) on disposal of licence interest	**128,164**	(164,581)
Profit on sale of licence option	**–**	(918,014)
Decrease/(increase) in trade and other receivables	**2,230,130**	(2,858,014)
(Decrease)/increase in trade payables and other payables	**(3,605,969)**	2,797,146
Movement in provisions	**(13,400)**	(7,807)
Finance costs	**22,442**	84,893
Finance income	**(20,845)**	(1,152)
Share-based remuneration charge	**36,931**	15,819
Cash (used in)/generated from operations	**(1,437,427)**	571,788
Interest paid	**(6)**	(41,403)
Taxation paid	**–**	–
Net cash flow (used in)/generated from operating activities	**(1,437,433)**	530,385
Investing activities		
Finance income	**20,845**	1,152
Payments for exploration and evaluation assets	**(3,234,775)**	(2,802,932)
Purchase of property, plant and equipment	**(20,300)**	(29,631)
Revenue from oil well appraisal	**13,824**	–
Sale of property, plant and equipment	**–**	180,482
Sale of licence option	**–**	918,014
Sale of intangible fixed assets	**78,227**	366,282
Net cash used in capital expenditure and investing activities	**(3,142,179)**	(1,366,633)
Financing activities		
Issue of shares	**–**	10,107,790
Costs associated with issue of shares	**–**	(556,292)
Repayment of short-term borrowings	**–**	(1,000,000)
Net cash flow generated from financing	**–**	8,551,498
Net (decrease)/increase in cash and cash equivalents	**(4,579,612)**	7,715,250
Cash and cash equivalents as at 31 July 2014	**9,666,885**	2,006,369
Effects of exchange rate changes on the balance of cash held in foreign currencies	**93,060**	(54,734)
Cash and cash equivalents as at 31 July 2015	**5,180,333**	9,666,885

In 2015 significant non cash transactions comprised the issue of equity share capital with a market value of £75,000 as consideration for the acquisition of Yorkshire Exploration Limited.

In 2014 significant non-cash transactions comprised the issue of equity share capital with a market value of £10,500,000 as consideration for the acquisition of certain licence interests from Alkane Energy plc.

Company Statement of Cash Flows

For the year ended 31 July 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss before tax	**(594,088)**	(343,718)
Adjustments for:		
Depreciation of plant and equipment	**3,094**	3,556
Decrease/(increase) in trade and other receivables	**371,689**	(5,046,814)
(Decrease)/increase in trade payables	**(2,024,940)**	2,096,350
Share-based remuneration charge	**36,931**	15,819
Movement in provision	–	(7,807)
Finance costs	–	57,705
Finance income	**(10,408)**	(374)
Cash used in operations	**(2,217,722)**	(3,225,283)
Interest paid	–	(41,403)
Net cash used in operating activities	**(2,217,722)**	(3,266,686)
Investing activities		
Finance income	**10,408**	374
Purchase of property, plant and equipment	–	(5,663)
Net cash generated/(used in) from capital expenditure and financial investment	**10,408**	(5,289)
Financing activities		
Issue of shares	–	10,107,790
Costs associated with issue of shares	–	(556,292)
Repayment of short-term borrowings	–	(1,000,000)
Net cash flow generated from financing	–	8,551,498
Net (decrease)/increase in cash and cash equivalents	**(2,207,314)**	5,279,523
Cash and cash equivalents as at 31 July 2014	**5,724,721**	445,198
Cash and cash equivalents as at 31 July 2015	**3,517,407**	5,724,721

In 2015 significant non cash transactions comprised the issue of equity share capital with a market value of £75,000 as consideration for the acquisition of Yorkshire Exploration Limited.

In 2014 significant non-cash transactions comprised the issue of equity share capital with a market value of £10,500,000 as consideration for the acquisition of certain licence interests from Alkane Energy plc. The acquired licences are held by Egdon Resources U.K. Limited.

Consolidated Statement of Changes in Equity

For the year ended 31 July 2015

	Share capital £	Share premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2013	13,278,754	1,378,701	134,732	2,007,543	16,799,730
Loss for the year	–	–	–	(456,405)	(456,405)
Total comprehensive income for the year	–	–	–	(456,405)	(456,405)
Transfer of share option charge on forfeit	–	–	(152)	152	–
Transfer of share option charge on exercise	–	–	(26,900)	26,900	–
Issue of ordinary shares (February 2014)	120,000	2,705,000	–	–	2,825,000
Issue of ordinary shares (March 2014)	8,283	77,797	–	–	86,080
Issue of ordinary shares (May 2014)	1,500	13,500	–	–	15,000
Issue of ordinary shares (June 2014)	750,335	16,375,083	–	–	17,125,418
Share option charge	–	–	15,819	–	15,819
Balance at 31 July 2014	14,158,872	20,550,081	123,499	1,578,190	36,410,642
Loss for the year	**–**	**–**	**–**	**(4,468,268)**	**(4,468,268)**
Total comprehensive income for the year	**–**	**–**	**–**	**(4,468,268)**	**(4,468,268)**
Issue of ordinary shares	**5,465**	**69,535**	**–**	**–**	**75,000**
Share option charge	**–**	**–**	**36,931**	**–**	**36,931**
Balance at 31 July 2015	**14,164,337**	**20,619,616**	**160,430**	**(2,890,078)**	**32,054,305**

Company Statement of Changes in Equity

For the year ended 31 July 2015

	Share capital £	Merger reserve £	Share premium £	Share-based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2013	13,278,754	2,357,816	1,378,701	134,732	(1,580,144)	15,569,859
Loss for the year	–	–	–	–	(343,718)	(343,718)
Total comprehensive income for the year	–	–	–	–	(343,718)	(343,718)
Transfer of share option charge on forfeit	–	–	–	(152)	152	–
Transfer of share option charge on exercise	–	–	–	(26,900)	26,900	–
Issue of ordinary shares (February 2014)	120,000	–	2,705,000	–	–	2,825,000
Issue of ordinary shares (March 2014)	8,283	–	77,797	–	–	86,080
Issue of ordinary shares (May 2014)	1,500	–	13,500	–	–	15,000
Issue of ordinary shares (June 2014)	750,335	–	16,375,083	–	–	17,125,418
Share option charge	–	–	–	15,819	–	15,819
Balance at 31 July 2014	14,158,872	2,357,816	20,550,081	123,499	(1,896,810)	35,293,458
Loss for the year	**–**	**–**	**–**	**–**	**(594,088)**	**(594,088)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(594,088)**	**(594,088)**
Issue of ordinary shares	**5,465**	**–**	**69,535**	**–**	**–**	**75,000**
Share option charge	**–**	**–**	**–**	**36,931**	**–**	**36,931**
Balance at 31 July 2015	**14,164,337**	**2,357,816**	**20,619,616**	**160,430**	**(2,490,898)**	**34,811,301**

Notes Forming Part of the Financial Statements

For the year ended 31 July 2015

1. General information

Egdon Resources plc is a company incorporated and domiciled in England & Wales with registered number 06409716. The address of the registered office is The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP. The Company's administrative office is at the same address.

Egdon Resources plc (the "Company") and its subsidiaries (together, the "Group") explore for and develop oil and gas reserves in England and France.

The Company's shares are quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Accounting policies

The financial statements are based on the following accounting policies of the Group and the Company.

Basis of preparation and statement of compliance with IFRS

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises the Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Union (EU). The principal accounting policies adopted by the Group and by the Company where applicable are set out below.

As permitted by Section 408 of the Companies Act 2006, no statement of comprehensive income or associated notes are presented for the Company as an entity.

Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Group will continue in operational existence without significant curtailment of its activities for the foreseeable future.

After preparing cash flow forecasts, making enquiries and considering relevant uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Adoption of new and revised standards

The following new and revised standards have been adopted in the preparation of the financial statements for the current financial year.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (revised 2011)
- IAS 28 Investments in Associates and Joint Ventures (revised 2011)

The adoption of these Standards had no material impact on the financial statements of the Group.

Other than minor changes to standards arising from annual improvements, there are currently no EU adopted revised or new standards which have yet to be adopted. The minor changes to the standards are not expected to have a material effect on the Group financial statements.

Basis of consolidation

The Group financial statements incorporate the financial statements of Egdon Resources plc (the "Company") and entities controlled by the Company prepared to 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated in preparing the consolidated financial statements.

Business combinations and goodwill

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income in profit or loss as negative goodwill.

Where the Group incurs obligations to pay a net profit interest as part of an acquisition, the estimated fair value of the net profit interest is recognised at the date of acquisition. Any subsequent variations in the net profit interest arising from events occurring after acquisition are recognised through the statement of comprehensive income in profit or loss. Where the fair value of a net profit interest cannot be established (for example, because the relevant licence has yet to be fully appraised) no provision is recognised.

The value of options and any net profit interests arising on disposal are recognised at their fair value as at the date of disposal, except in circumstances where the fair value cannot be determined.

An acquisition is not classified as a business combination when an acquired entity does not have processes or outputs as defined by IFRS 3 (Revised). Such transactions are accounted for as asset acquisitions and the assets acquired are measured at cost.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Revenue and other operating income

Revenue represents amounts receivable for oil and gas sales, net of VAT and trade discounts, and is recognised on delivery to third party facilities. Accrued revenue is recorded at the best estimate of the price that is expected to be achieved when the accrual reverses.

Income charged to other companies net of VAT in respect of fees for acting as operator and consultancy fees is disclosed within other operating income and is recognised on an accruals basis when the services are provided.

2. Accounting policies (continued)

Jointly controlled operations and assets

The Group's exploration and development activities are generally conducted as co-licensees in joint operation with other companies. The financial statements reflect the relevant proportions of capital expenditure and operating revenues and costs applicable to the Group's interest.

The Group's exploration and development activities in respect of the licence interests are accounted for as jointly controlled operations, except for those where 100% of the licence is held within the Group.

Intangible assets – exploration and evaluation assets

The Group accounts for oil and gas expenditure under the full cost method of accounting.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring the rights to explore are charged directly to cost of sales in the statement of comprehensive income. All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal, are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset, but only after the carrying value of the E&E asset has been assessed for impairment and, where appropriate, its carrying value adjusted.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are written off to the statement of comprehensive income as a component of cost of sales in the period the relevant events occur. The costs associated with any wells which are abandoned are fully amortised when the abandonment decision is taken.

As permitted by IFRS 6, on adoption of IFRS, the Group continued to apply the accounting requirements of the Statement of Recommended Practice issued by the UK Oil Industry Accounting Committee as applied under UK GAAP in respect of revenue generated from the sale of oil during the appraisal process and the treatment on disposal of any part of an E&E asset.

Revenue is recorded in the statement of comprehensive income. In order that no profit is recognised on the sale, an entry of the equivalent value is recorded in cost of sales with a corresponding credit to exploration and evaluation assets.

On disposal of any part of an E&E asset, proceeds are credited against the cost of the asset. No profit is recognised on the disposal, unless the proceeds exceed the total capitalised cost of the asset.

Intangible assets – other

Costs of purchased data used to assist with formulating strategy for licence applications and asset purchases are accumulated and capitalised as other intangibles.

Such assets are considered to have an indefinite useful life and are not subject to amortisation but are tested annually for impairment and elements that have no ongoing commercial value are written off to cost of sales in the Statement of Comprehensive Income.

Impairment of intangible assets

E&E assets are reviewed annually for impairment and these are grouped with the development and production assets belonging to the same exploration area to form the Cash Generating Unit ("CGU") for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU's recoverable amount and any resulting impairment is written off to cost of sales in the statement of comprehensive income. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use. E&E assets which are relinquished are written down immediately in the accounting period of the relinquishment date.

Property, plant and equipment – development and production assets

Development and production ("D&P") assets are accumulated into cost centres and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures previously transferred from E&E assets as outlined in the policy above.

Costs relating to each cost centre are depleted on a unit of production method based on the commercial proven reserves for that cost centre. Development assets are not depreciated until production commences. The depreciation calculation takes account of the residual value of site equipment and the estimated future costs of development of recognised proven and probable reserves, based on current price levels. Changes in reserve quantities and cost estimates are recognised prospectively.

On disposal of any part of a D&P asset, proceeds are credited to the Statement of Comprehensive Income, less the percentage cost relating to the disposal.

Impairment of development and production assets

A review is performed for any indication that the value of the D&P assets may be impaired. For D&P assets when there are such indications, an impairment test is carried out on the CGU. Additional depletion is included within cost of sales within the statement of comprehensive income if the capitalised costs of the CGU exceed the associated estimated future discounted cash flows of the related commercial oil and gas reserves.

Property, plant and equipment – other than D&P assets

Property, plant and equipment other than D&P assets are stated in the statement of financial position at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual values of each asset over its expected useful life, as follows:

Fixtures and fittings	25% straight-line
Equipment	33% straight-line
Computer equipment	33% straight-line

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be estimated with reasonable certainty. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and reinstatement provisions

Licensees have an obligation to restore fields to a condition acceptable to the relevant authorities at the end of their commercial lives. Provision for decommissioning and reinstatement is recognised in full as a liability and an asset when the obligation arises. The asset is included within exploration and evaluation assets or property, plant and equipment as is appropriate. The liability is included within provisions. The amount recognised is the estimated cost of decommissioning and reinstatement, discounted where appropriate to its net present value, and is reassessed each year in accordance with local conditions and requirements. Revisions to the estimated costs of decommissioning and reinstatement which alter the level of the provisions required are also reflected in adjustments to the decommissioning and reinstatement asset. The increase in the net present value of the future cost arising from the unwinding of the discount is included within finance costs.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the statement of comprehensive income in profit or loss.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2. Accounting policies (continued)

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is calculated annually based on the ratio of closing stock to total annual production and the cost of production (including depreciation) for the year.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

The cash and cash equivalent amount in the Statements of Cash Flow includes overdrafts where relevant.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The provision amount is recognised in the statement of comprehensive income.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Equity issued for non-monetary consideration is recorded at the fair value of the equity instruments issued or, if appropriate, and where these can be reliably measured, at the fair value of the goods and services received.

Interest bearing bank loans, overdrafts and other loans are recorded at fair value, net of direct issue costs, when the proceeds are received and subsequently at amortised cost. Finance costs are accounted for on an accruals basis using the effective interest method.

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, held to maturity investments or loans and receivables. After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using appropriate valuation techniques.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payment transactions

Employees (including senior Executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where equity instruments are granted other than to employees, the amount recognised in equity is the fair value of goods and services received. An equivalent charge is capitalised within non-current assets where the equity instruments have been issued as consideration for the acquisition of intangible exploration and evaluation assets.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. Accounting policies (continued)

Retirement benefit costs

The Group has a defined contribution plan which requires contributions to be made into an administered fund. The amount charged to the statement of comprehensive income in respect of pension costs reflects the contributions payable in respect of the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the statement of financial position.

Exceptional items

Exceptional items are defined as material items which derive from events or transactions that fall within the Group's ordinary activities but which, due to their size or incidence, are disclosed separately in order to present fairly the reported results.

Use of judgements and estimates when preparing the annual financial statements

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting recognition and measurement in the consolidated statement of financial position and statement of comprehensive income, as well as the disclosure of contingent assets and liabilities. Future events may lead to these estimates being changed. In particular, judgements and estimates are required when:

- Assessing the need for and measurement of impairment of oil and gas assets (tangible and intangible)
- Capitalising project costs
- Assessing contingent consideration on acquisition
- Determining the fair value of share-based payments
- Estimating decommissioning and reinstatement liabilities
- Determining going concern
- Identifying assets and liabilities arising on business combinations and assessing their values

Oil and gas assets

Management is required to assess the oil and gas assets for indicators of impairment. Notes 16 and 17 disclose the carrying value of oil and gas assets. As part of this assessment, management has carried out an impairment test on the assets. This test compares the carrying value of the assets at the reporting date with the expected discounted cash flow from the project. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of the asset and a range of assumptions, including oil/gas prices and discount rates.

Capitalisation of project costs

The assessment of whether costs incurred on project exploration and evaluation should be capitalised or expensed involves judgement. Management considers the nature of the costs incurred and the stage of project development and concludes whether it is appropriate to capitalise the costs.

Contingent consideration

Contingent consideration is measured at fair value at the date of the transaction. Changes to the amount of the contingent consideration arising as a result of a post-acquisition event are reflected in profit or loss where the additional consideration is cash or other assets. The amount is not remeasured where the additional consideration is equity.

Share-based payments

Determining the fair value of share options requires assumptions in respect of the inputs used in the option pricing model. Details can be found in note 9.

Determining the value of share-based payments other than share option awards requires judgements relating to the fair values of the goods or services acquired using relevant valuation techniques.

Decommissioning and reinstatement
The Group determines decommissioning and reinstatement liabilities by making assumptions, based on the current economic environment, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to assumptions. However, the actual decommissioning and reinstatement cost will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, actual costs will also reflect the extent of decommissioning and reinstatement work required to be performed, whether the works can be performed as part of a multi-well programme or in isolation and progress in the relevant technologies.

Going concern
The preparation of the financial statements requires an assessment of the validity of the going concern assumption, this being dependent on the availability of adequate financial resources to allow the Group to continue in operational existence for the foreseeable future. The incoming financial resources expected to be available depend on estimated production volumes, forecast oil and gas prices and operating costs. Expenditure is primarily dependent on the planned programme of exploration, its estimated cost and timing. The Directors also consider the effect and timing of potential corporate transactions.

Assets and liabilities on business combinations
Management is required to assess the fair value of assets and liabilities acquired on business combinations. As part of this assessment management compares the carrying value at the reporting date with the expected discounted cash flow from any oil and gas assets acquired as set out above.

3. Segmental information
For management purposes, the Group currently operates in two geographical markets: UK and France. Unallocated operating expenses, assets and liabilities relate to the general management, financing and administration of the Group.

The following tables present the profit/(loss) and certain asset and liability information regarding the Group's operating segments for the year ended 31 July 2015 and for the year ended 31 July 2014.

Revenue of the Group for the period has been derived from the sale of oil and gas which has been extracted from wells in the UK during production and production testing operations. Oil is a commodity product and can be sold to a number of customers on industry-standard terms. For reasons of operational convenience, 100% (2014: 100%) of oil sales in the year were made to one organisation. Gas is a commodity product and can be sold to a number of customers on industry-standard terms. For contractual reasons in both 2015 and 2014, gas from the Group's producing field was sold to one customer.

3. Segmental information (continued)

2015	UK £	France £	Unallocated £	Total £
Revenue	2,067,702	–	–	2,067,702
Cost of sales – exploration costs written off and pre-licence costs	(1,204,471)	(2,935,186)	–	(4,139,657)
Cost of sales – impairments	521,333	–	–	521,333
Cost of sales – depreciation	(973,152)	–	–	(973,152)
Cost of sales – other	(991,590)	95		(991,495)
Total cost of sales	(2,647,880)	(2,935,091)	–	(5,582,971)
Gross loss	(580,178)	(2,935,091)	–	(3,515,269)
Other administrative expenses	(169,128)	(548)	(974,934)	(1,144,610)
Depreciation	(6,265)	–	(3,094)	(9,359)
Total administrative expenses	(175,393)	(548)	(978,028)	(1,153,969)
Other operating income	107,647	23,040	–	130,687
Negative goodwill	71,880	–	–	71,880
Loss for the year before net finance costs and taxation	(576,044)	(2,912,599)	(978,028)	(4,466,671)
Finance income	10,437	–	10,408	20,845
Finance costs	(22,436)	–	(6)	(22,442)
Loss before taxation	(588,043)	(2,912,599)	(967,626)	(4,468,268)
Taxation	–	–	–	–
Loss for the year	(588,043)	(2,912,599)	(967,626)	(4,468,268)
Other segment information				
Non-current assets	26,558,722	140,607	3,226	26,702,555
Current assets	4,477,060	38,710	3,604,029	8,119,799
Current liabilities	(665,746)	(138,823)	(136,192)	(940,761)
Non-current liabilities	(1,726,763)	(80,000)	(20,525)	(1,827,288)
Net assets	28,643,273	(39,506)	3,450,538	32,054,305
Capital expenditure				
Intangible exploration and evaluation assets	3,286,246	116,070	–	3,402,316
Property, plant and equipment				
– oil and gas assets	1,308,647	–	–	1,308,647
– other	–	–	–	–
Total	4,594,893	116,070	–	4,710,963

Unallocated net current assets primarily represent balances arising from corporate transactions and cash at bank which has yet to be allocated to a business segment.

2014	UK £	France £	Unallocated £	Total £
Revenue	2,957,064	–	–	2,957,064
Cost of sales – exploration costs written off and pre-licence costs	(318,577)	(8,415)	–	(326,992)
Cost of sales – impairments	(542,000)	–	–	(542,000)
Cost of sales – depreciation	(1,185,745)	–	–	(1,185,745)
Cost of sales – other	(1,666,965)	–	–	(1,666,965)
Total cost of sales	(3,713,287)	(8,415)	–	(3,721,702)
Gross loss	(756,223)	(8,415)	–	(764,638)
Other administrative expenses	(114,560)	(13,123)	(692,987)	(820,670)
Depreciation	(8,043)	–	(3,557)	(11,600)
Total administrative expenses	(122,603)	(13,123)	(696,544)	(832,270)
Other operating income	137,111	4,538	–	141,649
Profit on disposal of licence interest	164,581	–	–	164,581
Proceeds from sale of licence option	918,014	–	–	918,014
Loss for the year before net finance costs and taxation	340,880	(17,000)	(696,544)	(372,664)
Finance income	778	–	374	1,152
Finance costs	(27,188)	–	(57,705)	(84,893)
Loss before taxation	314,470	(17,000)	(753,875)	(456,405)
Taxation	–	–	–	–
Loss for the year	314,470	(17,000)	(753,875)	(456,405)
Other segment information				
Non-current assets	23,914,920	2,973,100	6,320	26,894,340
Current assets	7,016,272	29,184	7,935,705	14,981,161
Current liabilities	(1,950,406)	(75,302)	(2,150,897)	(4,176,605)
Non-current liabilities	(1,102,241)	(155,252)	(30,761)	(1,288,254)
Net assets	27,878,545	2,771,730	5,760,367	36,410,642
Capital expenditure				
Intangible exploration and evaluation assets	12,928,626	518,646	–	13,447,272
Property, plant and equipment				
– oil and gas assets	36,849	–	5,663	42,512
– other	–	–	–	–
Total	12,965,475	518,646	5,663	13,489,784

For the year ended 31 July 2015

4. Loss before taxation

The loss for the year before taxation is stated after charging/(crediting):

	2015 £	2014 £
Auditor's remuneration (see note 6)	**59,140**	55,025
Depreciation	**973,152**	1,197,345
Impairment charge	**478,667**	542,000
Impairment reversal	**(1,000,000)**	–
Exploration and appraisal costs written off	**3,682,219**	285,908
Pre-licence costs expensed	**457,438**	41,084
Foreign exchange (gain)/loss	**(93,060)**	54,734
Share-based payment charge	**36,931**	15,819
Operating lease rentals		
– land and buildings (in administrative expenses)	**25,000**	25,000
– leases on operational sites included within cost of sales	**48,217**	53,183

With an effective date of 1 January 2015, the Group disposed of its interests in PEDL126 and P.1916 for consideration of £10,000, giving rise to a loss on disposal of £128,164 (included within administrative expenses).

5. Exceptional item – profit from licence transactions

During the prior year, the Group and its joint venture partners entered in to an agreement to farm-out an interest in licences PEDL139 and PEDL140, giving rise to a profit of £164,581. The Group also entered into an Opt-in Agreement in respect of licence PEDL209. Under the terms of the agreement, Egdon received consideration of £918,014 in exchange for the grant of an option over 30% of its interest in the licence.

6. Auditor's remuneration

	2015 £	2014 £
Audit services:		
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**16,050**	12,550
Other services:		
The auditing of financial statements of subsidiaries of the Company	**39,450**	38,450
All other services	**3,640**	4,025
Total audit and other services	**59,140**	55,025

7. Employee information

	2015 Number	2014 Number
The average number of persons employed by the Group in the year, including Executive and Non-executive Directors, was:		
Management and administration	**12**	12

	2015 £	2014 £
Employee costs during the year amounted to:		
Wages and salaries	**940,894**	604,610
Social security costs	**119,477**	69,804
Share-based remuneration charges	**36,931**	15,819
Pension costs	**94,102**	19,384
	1,191,404	709,617

8. Remuneration of Directors and key management

The Board considers that the Group and Company's key management comprises the Directors of the Company.

Group and Company	2015 £	2014 £
Directors' emoluments	**439,280**	360,000
Employer's national insurance contributions	**51,142**	43,200
Short-term employment benefits	**490,422**	403,200
Post-employment benefits	**70,673**	13,500
Share-based remuneration charge attributable to Directors	**12,980**	6,197
	574,075	422,897

The emoluments and compensation of individual Directors were as follows:

	Salary and fees £	Bonus £	Medical £	Pension (note 10) £	Total 2015 £	Total 2014 £
M A W Abbott	**160,000**	–	**2,634**	**35,028**	**197,662**	160,083
P H P Stephens	**45,000**	–	–	–	**45,000**	37,500
K M Ratcliff	**30,114**	–	–	–	**30,114**	22,500
W R Roberts	**9,000**	–	–	**22,960**	**31,960**	15,000
J Field	**156,000**	–	**2,634**	**12,685**	**171,319**	128,482
A Lodge	**19,166**	–	–	–	**19,166**	15,000
N O'Brien	**20,000**	–	–	–	**20,000**	–
	439,280	–	**5,268**	**70,673**	**515,221**	378,565

8. Remuneration of Directors and key management (continued)

The emoluments of the highest paid Director excluding pension contributions were £162,634 (2014: £152,583). Pension contributions include contributions made under a salary sacrifice arrangement totalling £27,070 (2014: £nil).

Life policy and critical illness premiums of £6,875 (2014: £7,449) were paid in respect of the Managing Director and Directors' indemnity insurance premiums of £12,179 (2014: £9,280) were paid in respect of all Directors.

Fees of £20,000 (2014: £1,250) are payable to Alkane Energy plc in respect of director's services provided by Neil O'Brien. Of these fees £6,250 (2014: £1,250) had not been invoiced at the year end and is included in accruals.

Directors' share options outstanding at 31 July 2015 and at 31 July 2014

	Exercise price	Number of options	Date granted	Vesting date
M A W Abbott	16.17p	618,429	13/05/2008	01/08/2010
M A W Abbott	10.00p	600,000	01/01/2013	01/01/2014
M A W Abbott	20.62p	363,725	13/05/2014	01/05/2016
J Field	20.08p	298,804	01/02/2011	01/08/2013
J Field	12.42p	483,091	21/12/2011	01/01/2014
J Field	10.00p	600,000	01/01/2013	01/01/2014
J Field	20.62p	290,980	13/05/2014	01/05/2016

No Director is entitled to receive any shares under the terms of any long-term incentive scheme in respect of qualifying services other than as noted above.

9. Share-based payment plans

On 13 May 2008, the Company established an Enterprise Management Incentive Scheme and made the initial grant of options to all eligible employees.

The following share-based payment arrangements were in existence during the current and prior years:

	Number at date of grant	Grant date	Expiry date	Exercise price	Vesting date
Granted on 13 May 2008	1,631,908	13/05/2008	31/03/2018	16.17p	01/08/2010
Granted on 1 September 2009	1,470,724	01/09/2009	31/03/2019	11.00p	01/09/2011
Granted on 1 February 2011	298,804	01/02/2011	31/07/2021	20.08p	01/08/2013
Granted on 21 December 2011	483,091	21/12/2011	31/12/2022	12.42p	01/01/2014
Granted on 20 November 2012	791,750	20/11/2012	31/03/2022	10.00p	20/11/2013
Granted on 1 January 2013	1,200,000	01/01/2013	31/03/2022	10.00p	01/01/2014
Granted on 14 January 2014	762,765	14/01/2014	31/12/2023	10.38p	01/01/2016
Granted on 13 May 2014	654,705	13/05/2014	01/05/2024	20.62p	01/05/2016
Granted on 9 June 2014	780,000	09/06/2014	31/05/2024	26.00p	01/06/2016
Granted on 18 August 2014	659,341	18/08/2014	31/07/2024	22.75p	01/08/2016

The exercise price is determined as the average middle-market closing price on the three days preceding the grant. The options do not have a cash settlement alternative. Options vest for all grantees that remain in service at the vesting date.

The fair value of equity settled share options granted is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs into the model.

The expected volatility in respect of all options granted in or after December 2011 is based on the assumption that the historic volatility of Egdon Resources plc is indicative of future trends for Egdon Resources plc, which may not necessarily be the actual outcome. The expected volatility in respect of previous option issues is based on the assumption that the historical volatility of a sample of oil and gas companies is indicative of future trends for Egdon Resources plc, which may not necessarily be the actual outcome.

	13/05/08	01/09/09	01/02/11	21/12/11	20/11/12	01/01/13	14/01/14	13/05/14	09/06/14	18/08/14
Grant date share price (pence)	16.17	11.00	20.08	12.42	10.00	10.00	10.38	20.62	26.00	22.75
Exercise price (pence)	16.17	11.00	20.08	12.42	10.00	10.00	10.38	20.62	26.00	22.75
Expected volatility (%)	35	35	35	14	14	14	4.24	6.06	6.06	3.77
Option life (years)	2	2	2.5	3.5	9.25	9.36	10	10	10	10
Risk free interest rate (%)	5.5	5.5	0.5	0.35	0.36	0.36	0.399	0.42	0.42	0.44

The following table illustrates the number and weighted average exercise prices (WAEP) in pence of and movement in share options during the year:

Company and Group	**2015 No.**	**2015 WAEP (pence)**	2014 No.	2014 WAEP (pence)
Opening balance	**6,228,243**	**15.20**	5,088,524	12.56
Granted during the year	**659,341**	**22.75**	2,197,470	18.60
Forfeited during the year	–	–	(79,480)	10.38
Exercised during the year	–	–	(978,271)	10.33
Outstanding at 31 July 2015	**6,887,584**	**15.92**	6,228,243	15.20

The weighted average remaining contractual life of share options outstanding as at 31 July 2015 is 6.42 years (2014: 7.19 years). At 31 July 2015 4,110,252 (2014: 4,110,252) of the total number of share options outstanding could be exercised and these options had a weighted average exercise price of 13.09 pence (2014: 13.09 pence).

10. Defined contribution pension plan

The Group operates a defined contribution retirement plan for all qualifying employees who wish to participate. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

The total cost in the year of £39,520 (2014: £19,384) represents the sum payable to the scheme by the Group at rates agreed in respect of participating employees.

11. Finance income

	2015 £	2014 £
Interest receivable on short-term deposits	**20,845**	1,152

12. Finance costs

	2015 £	2014 £
Unwinding of decommissioning discount	**22,436**	27,188
Interest payable on loan from EnCore Oil Limited	**–**	57,705
Other Interest payable	**6**	–
	22,442	84,893

13. Income tax

The major components of income tax expense for the years ended 31 July 2015 and 2014 are:

	2015 £	2014 £
a) Recognised in profit or loss		
Current income tax charge	**–**	–
b) A reconciliation between tax expense and the product of the accounting loss and the standard rate of tax in the UK for the years ended 31 July 2015 and 2014 is as follows:		
Accounting loss before tax from continuing operations	**(4,468,268)**	(456,405)
Loss on ordinary activities multiplied by the standard rate of tax of 20.66% (2014: 22.33%)	**(923,144)**	(101,915)
Expenses not permitted for tax purposes	**14,818**	10,723
Movement in unrecognised deferred tax assets	**908,326**	91,192
Income tax expense recognised in the current year relating to continuing operations	**–**	–

c) Factors that may affect the future tax charge

The Group has trading losses of £37,704,083 (2014: £31,235,026) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure, supplementary allowance on ring-fenced exploration expenditure and the extent to which any profits are generated by any ring-fenced activities, which attract a higher rate of tax.

d) Deferred taxation

The Group has an unrecognised deferred taxation asset of £5,471,891 (2014: £2,901,880) at the year end, calculated at a rate of 20% (2014: 20%) which is the applicable rate at the time the net tax losses are expected to be utilised. This is represented by accumulated tax losses of £37,704,083 (2014: £31,235,026) offset by accelerated capital allowances of £10,344,626 (2014: £16,725,627).

14. Loss per share

Basic loss per share

	2015 £	2014 £
Loss for the financial year	**(4,468,268)**	(456,405)
Basic weighted average ordinary shares in issue during the year	**221,072,587**	149,911,338

	Pence	Pence
Basic loss per share	**(2.02)**	(0.30)

Diluted loss per share

	2015 £	2014 £
Loss for the financial year	**(4,468,268)**	(456,405)
Diluted weighted average ordinary shares in issue during the year	**221,072,587**	149,911,338

	Pence	Pence
Diluted loss per share	**(2.02)**	(0.30)

The share options are not dilutive in 2015 or 2014 as a loss was incurred.

15. Losses attributable to Egdon Resources plc

The loss for the financial year dealt with in the financial statements of Egdon Resources plc was £594,088 (2014: £343,718). As permitted by Section 408 of the Companies Act 2006, no Statement of Comprehensive Income is presented in respect of Egdon Resources plc.

16. Intangible fixed assets

Group	Exploration and evaluation costs £	Other intangibles £	Total £
Cost			
At 31 July 2013	8,371,307	114,009	8,485,316
Additions	13,447,272	–	13,447,272
Reclassifications to D&P assets	(3,045,584)	–	(3,045,584)
Disposals	(201,701)	–	(201,701)
Exploration written off	(285,824)	–	(285,824)
At 31 July 2014	18,285,470	114,009	18,399,479
Arising on acquisition (note 18)	**116,300**	**–**	**116,300**
Additions	**3,273,666**	**12,350**	**3,286,016**
Disposals	**(249,922)**	**–**	**(249,922)**
Exploration written off	**(3,673,780)**	**–**	**(3,673,780)**
Margin on oil sales	**(13,824)**	**–**	**(13,824)**
At 31 July 2015	**17,737,910**	**126,359**	**17,864,269**
Net book value			
At 31 July 2015	**17,737,910**	**126,359**	**17,864,269**
At 31 July 2014	18,285,470	114,009	18,399,479
At 31 July 2013	8,371,307	114,009	8,485,316

The Group's unevaluated oil and gas interests at 31 July 2015 are its equity interests in licences in the UK and France held through its wholly owned subsidiaries and through its indirect subsidiaries as disclosed in note 18. Additions to exploration and evaluation costs represent exploration and appraisal costs incurred in the year in respect of unproven properties.

The amount described as exploration written off relates to licences in France and the UK where the sites have been plugged and abandoned following unsuccessful drilling. A proportion of the cost that is considered to have no ongoing value to the Group has been charged to the consolidated statement of comprehensive income and included within "Cost of sales – exploration costs written off, impairments and pre-licence costs".

A formal impairment review has been carried out and the Directors have considered and reviewed the potential value of all projects and licences. The Directors have also considered the likely opportunities for realising the value of licences, either by development of discovered hydrocarbons, the farm-out of the asset leading to a development or by the disposal of the assets, and have concluded that the likely value of each exploration area is individually in excess of its carrying amount.

In 2014, included within additions were ten licences acquired from Alkane Energy plc in June 2014. The consideration for the acquisition of these licences was the issue of 40,000,000 New Ordinary 1p Shares. As such the acquisition constituted a share-based payment and accordingly the licences were included in the financial statements at their fair value of £10,500,000, plus acquisition costs. The fair value of the licences acquired was determined by estimating the value per acre based on comparable transactions. The price selected after consideration of prospectivity and risk was $266 per acre at a rate of $1.6932:£1. The range of values from publicly available transaction data was $119-$423 per acre. The number of acres acquired was 66,867 giving a total value of £10.5 million. For fair value hierarchy purposes, these were Level 3 assets as the valuation techniques used inputs with a significant effect on the recorded fair value that were not based on observable market data.

Other intangibles represent the costs of purchased data and other geological standards which are used to assist with formulating strategy for licence applications and asset purchases. The costs are subject to an annual impairment test, and elements are written off if they have no future commercial value.

17. Property, plant and equipment

Group	Development and production assets £	Equipment, fixtures and fittings £	Computer equipment £	Total £
Cost				
At 31 July 2013	13,061,463	31,694	98,248	13,191,405
Additions	36,849	–	5,663	42,512
Disposals	(174,562)	(5,920)	–	(180,482)
Reclassifications from intangible assets	3,045,584	–	–	3,045,584
At 31 July 2014	15,969,334	25,774	103,911	16,099,019
Arising on acquisition (note 18)	**601,493**	**–**	**–**	**601,493**
Additions	**707,154**	**–**	**–**	**707,154**
At 31 July 2015	**17,277,981**	**25,774**	**103,911**	**17,407,666**
Depreciation				
At 1 August 2013	5,763,955	14,186	86,672	5,864,813
Charge for the year	1,185,745	8,043	3,557	1,197,345
Impairment charge	542,000	–	–	542,000
At 31 July 2014	7,491,700	22,229	90,229	7,604,158
Arising on acquisition (note 18)	**513,403**	**–**	**–**	**513,403**
Charge for the year	**963,793**	**–**	**9,359**	**973,152**
Impairment charge	**478,667**	**–**	**–**	**478,667**
Impairment released	**(1,000,000)**	**–**	**–**	**(1,000,000)**
At 31 July 2015	**8,447,563**	**22,229**	**99,588**	**8,569,380**
Net book value				
At 31 July 2015	**8,830,418**	**3,545**	**4,323**	**8,838,286**
At 31 July 2014	8,477,634	3,545	13,682	8,494,861
At 31 July 2013	7,297,508	17,508	11,576	7,326,592

In the current year, the depreciation charged includes an impairment charge of £478,667 relating to the Waddock Cross Oil Field and an impairment credit reversing impairments charged in prior periods of £1,000,000 relating to the Ceres Gas Field (£500,000) and the Kirkleatham Gas Field (£500,000). In 2014, the depreciation charge includes an impairment charge of £542,000 relating to the Ceres Gas Field (£322,000) and the Kirkleatham Gas Field (£220,000). The recoverable amounts are based on estimated residual values of the wider licence area plus post tax value in use assessed from forecast production over the life of the fields, gas prices per therm of 42p-45p (2014: 41p-56p), oil prices per barrel of US$53 – US$75 and a discount rate of 8% (2014: 8%). In the current year, the impairment charge has arisen primarily as a consequence of production issues and weak forward oil prices that have impacted on revenue expectations in the short-term (2014: weak forward gas prices that have impacted on revenue expectations in the short-term). In the case of the Ceres field, the impairment reversal arises as a consequence of sustained production which has resulted in a re-evaluation of remaining recoverable reserves. In the case of the Kirkleatham field, the impairment reversal reflects a reassessment of the future prospectivity of the unexplored wider licence areas.

As a result of recognising the impairment provision/(release) there will be a corresponding reduction/(increase) in future depreciation charges.

17. Property, plant and equipment (continued)

Company	Computer equipment £
Cost	
At 1 August 2013	21,505
Additions	5,663
At 31 July 2014	27,168
Additions	–
At 31 July 2015	**27,168**
Depreciation	
At 1 August 2013	17,292
Charge for the year	3,556
At 31 July 2014	20,848
Charge for the year	**3,094**
At 31 July 2015	**23,942**
Net book value	
At 31 July 2015	**3,226**
At 31 July 2014	6,320
At 31 July 2013	4,213

18. Investments in subsidiaries

	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Balance at 31 July 2013	10,087,106	5,034,824	15,121,930
Additions in year	–	–	–
Balance at 31 July 2014	10,087,106	5,034,824	15,121,930
Additions in year	**75,000**	**–**	**75,000**
Balance at 31 July 2015	**10,162,106**	**5,034,824**	**15,196,930**

The shares in subsidiary undertakings represents the investment in Egdon Resources U.K. Limited, Egdon Resources Avington Ltd, Dorset Exploration Limited and Yorkshire Exploration Limited.

Holdings of more than 20%

As at the year end the Company directly and indirectly held more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class of shares held	% of shares held
Egdon Resources U.K. Limited	England	Ordinary	100
Egdon Resources Europe Limited	England	Ordinary	100
Egdon Resources Avington Ltd	England	Ordinary	100
Egdon Resources France Limited	England	Ordinary	100
Aquitaine Exploration Limited	England	Ordinary	100
Egdon (E&P) Limited	England	Ordinary	100
Dorset Exploration Limited	England	Ordinary	100
Yorkshire Exploration Limited	England	Ordinary	100

All of these companies are involved in oil and gas exploration and production.

Acquisition in the year

On 2 December 2014, Egdon Resources plc completed the acquisition of Yorkshire Exploration Limited. The Company, which holds an 8% interest in PEDL068 which includes the Kirkleatham gas field and the Westerdale prospect, was acquired for consideration of Egdon shares with a fair value of £75,000. The Group acquired the company in order to increase its exposure to the PEDL068 licence.

The fair value of the assets and liabilities acquired is set out below:

	Book value	Fair value adjustment	Fair value
Intangible assets	116,300	–	116,300
Tangible assets	88,090	27,994	116,084
Current assets	2,052	–	2,052
Current liabilities	(59,562)	–	(59,562)
Abandonment provision	–	(27,994)	(27,994)
Total net assets acquired	146,880	–	146,880
Excess of net assets acquired over cost ("negative goodwill")			(71,880)
Purchase consideration			75,000
Satisfied by:			
Ordinary £0.01 shares of Egdon Resources plc			75,000

Negative goodwill arising on acquisition of the subsidiary represents the excess of the fair values of the assets less the liabilities acquired over the fair value of the consideration following the acquisition of the 100% interest in Yorkshire Exploration Limited. The negative goodwill arises following the purchase of Yorkshire Exploration Limited in an off-market transaction offered to the Group for reasons personal to the vendor.

The consideration for the acquisition was the issue of 546,448 Ordinary 1p shares in Egdon Resources plc. The fair value of an Ordinary share at the date of acquisition was 13.725p and this has been used to determine the value of £75,000 ascribed to the shares issued in the table above.

The fair value of the interest in the gas prospects acquired has been determined by reference to recoverable value in use on a basis consistent with the impairment assessments applied to the Group's existing assets using forward gas prices of 42–45p and a discount rate of 8%. For fair value hierarchy purposes, these are Level 3 assets as the valuation techniques use inputs with a significant effect on the recorded data that are not based on observable market data.

Included in the loss for the year is a profit of £64,824 arising from the post acquisition results of Yorkshire Exploration Limited.

Had the business combination been effected on the 1 August 2014, the revenue of the Group from continuing operations would have been £2,067,702 and the loss from continuing operations £4,468,990.

19. Trade and other receivables

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due within 1 year				
Trade receivables	**1,132,522**	441,979	**–**	–
Amounts owed by subsidiaries	**–**	–	**16,163,834**	14,411,161
VAT recoverable	**169,695**	2,335,368	**17,607**	2,157,471
Other receivables	**263,319**	263,319	**–**	–
Prepayments and accrued income	**1,323,930**	2,412,254	**69,014**	53,513
	2,889,466	5,452,920	**16,250,455**	16,622,145

Included in Prepayments and accrued income is accrued revenue of £798,353 which is not expected to be received within the next twelve months. It is anticipated that this amount will be recovered within three years of the balance sheet date.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade and other receivables represent amounts due from customers for the Company's oil and gas products, balances due from joint venture partners regulated by signed operator agreements, or receipts in respect of asset sales.

As at 31 July 2015 no trade receivables were considered to be impaired (2014: £nil).

As at 31 July 2015 trade receivables of £204,680 (2014: £269,320) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015	2014
Up to 3 months past due	**69,130**	47,648
3–6 months past due	**13,853**	37,700
Over 6 months past due	**121,697**	183,972
	204,680	269,320

Other receivables do not contain impaired assets.

20. Available for sale financial assets

	Group 2015 £	Group 2014 £
At 1 August 2014	**50,000**	50,000
Additions	**–**	–
At 31 July 2015	**50,000**	50,000

The investment in securities above represents an investment in InfraStrata plc (previously Portland Gas plc) redeemable preference shares. The securities are held at cost as an approximation of fair value.

21. Cash and cash equivalents

	Group 2015 £	Group 2014 £	**Company 2015 £**	Company 2014 £
Short-term bank deposits	**3,510,898**	6,625,247	**3,510,439**	3,500,031
Restricted cash at bank	**205,878**	205,466	**–**	–
Cash at bank	**1,463,557**	2,836,172	**6,968**	2,224,690
	5,180,333	9,666,885	**3,517,407**	5,724,721

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Restricted cash at bank represents funds held in escrow accounts under arrangements relating to decommissioning and similar obligations at Keddington.

22. Trade and other payables

	Group 2015 £	Group 2014 £	**Company 2015 £**	Company 2014 £
Trade payables	**429,560**	2,911,914	**24,167**	2,122,228
Other taxes and social security costs	**–**	–	**–**	–
Other payables	**4,600**	1,874	**–**	–
Accruals and deferred income	**506,601**	1,451,461	**112,025**	28,669
	940,761	4,365,249	**136,192**	2,150,897

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Financial assets and liabilities

The Group's objective is to minimise financial risk. The policies to achieve this are to fund operations from equity capital, and in the case of certain projects from debt and not to make use of derivatives or complex financial instruments. The Group's ordinary shares are considered to be equity capital, together with share premium, share-based payment reserve and retained earnings. The Group is not subject to any externally imposed capital requirements.

The Group's financial instruments comprise cash and cash equivalents, trade payables, accruals, trade receivables, other receivables and available for sale assets which arise directly from its operations. The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and market risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

Credit risk

The credit risk on liquid funds is limited because the Group policy is to only deal with counterparties with high credit ratings and more than one institution is utilised to deposit cash holdings. At year end the Group had cash and cash equivalents of £5,180,333 (2014: £9,666,885) and the Company £3,517,407 (2014: £5,724,721). The balances at 31 July 2015 are held with two banks. Trade receivables comprise amounts due from trading entities and total £1,132,522 (2014: £441,979) for the Group and £nil (2014: £nil) for the Company (note 19). Trade receivables are mainly due from joint venture partners and the purchasers of the Group's produced oil and gas. For joint venture partners, the Group would have alternative means of recourse in the event of any credit default. The purchasers of the Group's oil and gas production are substantial companies or subsidiaries of major international companies. At the year end, the total exposure to credit risk was £6,626,174 (2014: £10,422,183); Company £24,716,065 (2014: £25,170,706).

23. Financial assets and liabilities (continued)

Liquidity risk

The Group policy is to actively maintain a mixture of long-term and short-term deposits that are designed to ensure it has sufficient available funds for operations. The Group monitors its levels of working capital to ensure it can meet financial liabilities as they fall due. The Group's financial liabilities comprise trade and other payables as set out in note 22, held at amortised cost, which total £940,761 (2014: £4,365,249). Of this balance, £840,761 (2014: £3,779,969) is due within one to two months. Additionally, the Group has a liability under a Net Profit Interest agreement where £4,217 (2014: £5,134) is estimated to be due within 12 months.

Interest rate risk

The Group has interest bearing assets, comprising cash balances which earn interest at variable rates. These interest bearing assets are cash at bank and fixed term bank deposits (money market), most of which are sterling denominated, further detailed below:

	2015 **£**	2014 £
Cash at bank at floating interest rates	**3,510,898**	6,625,247
Restricted cash at bank	**205,878**	205,466
Cash at bank	**1,463,557**	2,836,172

Cash at bank at floating interest rates consisted of money market deposits which earn interest at rates set in advance for periods up to three months by reference to sterling LIBOR. Restricted cash at bank represents amounts lodged in support of guarantee commitments, earning interest at short-term rates based on sterling LIBOR.

An effective interest rate increase or decrease by 1% on the cash and cash equivalents balance at year end would result in a before tax financial effect of an increase or decrease in finance income of £35,109 (2014: £96,669).

The Group had no interest bearing liabilities in 2015 or 2014.

Foreign currency exchange risk

The Group is exposed to foreign currency exchange rate risk in relation to short-term bank deposits, trade receivables and payables denominated in US dollars and euros. The value of the Group's financial assets denominated in foreign currencies at 31 July 2015 was £135,750 (2014: £764,567); Company £nil (2014: £nil). There were no financial liabilities denominated in foreign currencies at 31 July 2015 or 31 July 2014.

A 10% change in the sterling exchange rate would result in an increase or decrease of £13,575 (2014: £76,457) in profit before tax.

Market risk

Payments to the former shareholder of Egdon Resources Avington Ltd under the Net Profit Interest ("NPI") agreement vary in line with the oil price. If the oil price is below $100 per barrel, NPI payments are based on 5% of Egdon's net revenues realised from the licences after subtracting allowable costs. If the oil price exceeds $130 per barrel the NPI payment percentage increases to 10%. If the oil price is between $100 and $130, the NPI payment percentage is 7.5%. The provision at 31 July 2015 assumes that the oil price will be less than $100 per barrel. If this level were to be exceeded, the liability would rise, but any increase would be exceeded by the corresponding increase in revenue from oil sales.

Revenue accrued in respect of production from the Ceres field has been recognised at a price of 45p per therm (2014: 56p) as an approximation to the selling price that is expected to be achieved when the revenue is realised. If the gas price at the point of sale were to vary by +/- 10%, income recognised in respect of historic production would increase or decrease by £119,753 (2014: £159,017).

24. Provision for liabilities

Group	Other provisions £	Decommissioning provision £	Reinstatement provision £	Total £
At 1 August 2013	38,568	763,914	309,174	1,111,656
Provision created during the year	–	12,555	144,662	157,217
Paid during the year	(7,807)	–	–	(7,807)
Transfer of provision on reclassification to D&P assets	–	114,058	(114,058)	–
Unwinding of discount	–	27,188	–	27,188
At 31 July 2014	30,761	917,715	339,778	1,288,254
Provision created during the year	**–**	**645,648**	**150,037**	**795,685**
Utilisation of provision during year	**–**	**–**	**(225,283)**	**(225,283)**
Disposals	**–**	**–**	**(43,532)**	**(43,532)**
Paid in the year	**(10,236)**	**–**	**–**	**(10,236)**
Unwinding of discount	**–**	**22,400**	**–**	**22,400**
As at 31 July 2015	**20,525**	**1,585,763**	**221,000**	**1,827,288**

Company	Other provisions £	Decommissioning provision £	Reinstatement provision £	Total £
At 1 August 2013	38,568	–	–	38,568
Paid during the year	(7,807)	–	–	(7,807)
At 31 July 2014	30,761	–	–	30,761
Paid during the year	**(10,236)**	**–**	**–**	**(10,236)**
At 31 July 2015	**20,525**	**–**	**–**	**20,525**

At 31 July 2015 provision has been made for decommissioning costs on the productive fields at Keddington, Kirkleatham, Ceres, Avington, Dukes Wood/Kirklington and Waddock Cross. Provision has also been made for reinstatement costs relating to exploration and evaluation assets where work performed to date gives rise to an obligation, principally for site restoration. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. This estimate will be reviewed regularly to take into account any material change to assumptions. Actual costs will depend on future market prices, any variation in the extent of decommissioning and reinstatement to be performed, whether the works can be performed as part of a multi-well programme or in isolation and progress in the relevant technologies. Decommissioning and reinstatement costs are expected to arise between 2016 and 2021.

During the year an increase of £602,801 was recorded in respect of the provision for the decommissioning of the Ceres gas field.

Other provisions represent the amount expected to be payable to the former shareholder of Egdon Resources Avington Ltd under the Net Profit Interest agreement entered into at the time of acquisition. Of the total provision, £4,217 (2014: £5,134) is estimated to be payable within one year.

25. Share capital and redeemable preference shares

	10p Ordinary Shares Allotted, called up and fully paid		1p Ordinary Shares Allotted, called up and fully paid		1p Deferred Shares Allotted, called up and fully paid		Total
	Number	£	Number	£	Number	£	£
At 31 July 2013	132,787,543	13,278,754	–	–	–	–	13,278,754
Share subdivision	(132,787,543)	(13,278,754)	132,787,543	1,327,875	1,195,087,887	11,950,879	–
– Issue of new £0.01	–	–	88,011,820	880,118	–	–	880,118
At 31 July 2014	–	–	220,799,363	2,207,993	1,195,087,887	11,950,879	14,158,872
Shares issued on acquisition of subsidiary			**546,448**	**5,465**	**–**	**–**	**5,465**
At 31 July 2015			**221,345,811**	**2,213,458**	**1,195,087,887**	**11,950,879**	**14,164,337**

	Allotted, called up and partly paid	
Redeemable preference shares of £1 each (classed as liabilities)	Number	£
At 31 July 2014	50,000	12,500
At 31 July 2015	**50,000**	**12,500**

On 5 December 2013, following approval at the Company's Annual General Meeting, the existing ordinary shares of 10 pence each were subdivided into 1 New Ordinary Shares of 1 penny each and 9 Deferred Shares of 1 penny each. The Deferred Shares do not carry any rights to vote or any dividend rights. The Deferred Shares will not be admitted to AIM and holders will only be entitled to a payment on return of capital or winding up of the Company after each of the holders of Ordinary Shares has received a payments of £10,000,000 on each such share.

On 8 December 2014, the Company issued 546,448 Ordinary 1p shares as consideration for the acquisition of Yorkshire Exploration Limited as disclosed in note 18. The nominal value of the shares was £5,465. The fair value of the shares issued was £75,000.

On 11 February 2014, the Company issued 12,000,000 New Ordinary 1p shares for total cash consideration of £3 million. The nominal value of the shares was £120,000.

During March 2014, 828,271 New Ordinary 1p shares with a nominal value of £8,283 were issued to staff under the Company's Enterprise Management Incentive Scheme for total cash consideration of £86,080.

During May 2014, 150,000 New Ordinary 1p shares with a nominal value of £1,500 were issued to staff under the Company's Enterprise Management Incentive Scheme for total cash consideration of £15,000.

On 12 June 2014, the Company issued 35,033,549 New Ordinary 1p shares for total cash consideration of £7,006,710. The nominal value of the shares was £350,335.

On the same date, as consideration for the acquisition of certain licence interests from Alkane Energy plc, the Company issued 40,000,000 New Ordinary 1p shares at a premium of 25.25p. The nominal value of the shares issued was £400,000.

On 6 November 2007, 50,000 redeemable preference shares of £1 each were issued and are now held by InfraStrata plc. One-quarter of the nominal value of these shares is paid up and the shares are entitled to an annual dividend out of distributable profits of 0.00001% per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The Company may redeem the shares at any time by giving preference shareholders one week's notice. Preference shareholders may require the Company to redeem their shares at any time by giving six months' notice. In each case, any redemption is at par and is subject to the provisions of the Companies Act. The preference shares are treated as short-term liabilities and included within trade payables.

26. Share premium reserve

On 8 December 2014, the Company issued 546,448 Ordinary 1p shares at a premium of 12.725p creating additional share premium of £69,535.

On 11 February 2014, the Company issued 12,000,000 New Ordinary 1p shares at a premium of 24p creating additional share premium of £2,880,000. Share issue costs associated with this issue of £175,000 have been offset against the premium generated on this issue.

During February 2014, the Company issued 828,271 New Ordinary 1p shares under the Company's Enterprise Management Incentive Scheme, creating additional share premium of £77,797.

During May 2014, the Company issued 150,000 New Ordinary 1p shares under the Company's Enterprise Management Incentive Scheme, creating additional share premium of £13,500.

On 12 June 2014, following a placing and open offer, the Company issued 35,033,549 New Ordinary 1p shares at a premium of 19p creating additional share premium of £6,656,375.

On 12 June 2014, 40,000,000 New Ordinary 1p shares were issued as consideration for the acquisition of certain licence interests from Alkane Energy plc. At the date of issue the shares had a market value of £10,500,000 creating additional share premium of £10,100,000. Share issue costs associated with this transaction of £381,292 have been offset against the premium generated on this issue.

The above share issues when added to the opening reserve (as at 1 August 2013) of £1,378,701 resulted in a closing share premium reserve carried forward of £20,619,616 (2014: £20,550,081).

27. Merger reserve

Company

The merger reserve arose on the de-merger of the Egdon Resources Group of companies from InfraStrata plc (formerly Portland Gas plc) and represented the difference between the market value of the shares issued on the date of the de-merger at the closing rate of trading and nominal value of the shares so issued.

The reserve is not distributable.

Group

The merger reserve was eliminated on de-merger effected by a Court Order.

28. Movements in cash and cash equivalents

Group	As at 31 July 2014 £	Cash flow £	**As at 31 July 2015 £**
Cash at bank and in hand	2,836,172	(1,372,615)	**1,463,557**
Term deposits	6,625,247	(3,114,349)	**3,510,898**
Restricted cash at bank	205,466	412	**205,878**
Cash and cash equivalents as per statement of financial position	9,666,885	(4,486,552)	**5,180,333**

Company	As at 31 July 2014 £	Cash flow £	**As at 31 July 2015 £**
Cash at bank and in hand	2,224,690	(2,217,722)	**6,968**
Term deposits	3,500,031	10,408	**3,510,439**
Cash and cash equivalents	5,724,721	(2,207,314)	**3,517,407**

29. Obligations under leases

At 31 July 2015 the Group had future minimum commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Within 1 year		
– Land and buildings	**18,750**	25,000
– Leases on operational and exploration and evaluation sites	**65,061**	64,975
	83,811	89,975

Included within leases on operational and exploration and evaluation sites is £7,338 (2014: £7,338) which is expected to be capitalised.

30. Capital commitments – tangible and intangible assets

Capital commitments of £nil (2014: £591,578) relate to expenditure committed under signed authorisations for expenditure and relate to exploration, development and production assets. No other capital commitments have been made as at 31 July 2015.

31. Related party transactions

Mr Walter Roberts is a Non-executive Director of Egdon Resources plc and is also a director and shareholder in Pinnacle Energy Limited, a company that provides legal and consultancy services to the oil and gas industry. During the year to 31 July 2015 Pinnacle Energy Limited invoiced the Group £25,406 (2014: £66,150) for legal and consultancy services provided at commercial rates and agreed by the Directors of the Company. At the year end £12,740 was owing to Pinnacle Energy Limited (2014: £12,715).

EnCore Oil Limited is a shareholder in the Company. EnCore Oil Limited is a wholly owned subsidiary of Premier Oil plc and Andrew Lodge was Exploration Director of Premier Oil plc at the time of the transaction, and is a Non-executive Director of Egdon Resources plc. EnCore Oil Limited provided a loan facility to the Company. Interest was payable on the loan at 10% and the charge in the 2014 financial statements was £57,705. The loan was repaid on 27 February 2014.

Alkane Energy plc is a shareholder in Egdon Resources plc. Neil O'Brien was appointed to the Board on 26 June 2014. Neil O'Brien is also a director of Alkane Energy plc. During the year, Egdon Resources U.K. Limited invoiced Alkane Energy Limited, a subsidiary of Alkane Energy plc, £9,000 (2014: £6,750) in respect of recharged licence fees. At the year end £9,000 (2014: £nil) was due to Egdon Resources U.K. Limited. Subsequent to the year end Alkane Energy plc has invoiced Egdon Resources U.K. Limited £36,354 (2014: £nil) in respect of recharged licence fees. These amounts are included in accruals.

Additionally, fees accrued to Alkane Energy plc for director's services as disclosed in note 8. At the year end £6,250 (2014: £1,250) had not been invoiced and was included in accruals.

During the year the Group provided services to companies with interests in jointly controlled operations as follows:

	2015 **£**	2014 £
Time costs	**197,979**	115,635
Overhead recharged in accordance with Joint Operating Agreement	**93,293**	94,214
	291,272	209,849

The balances due from companies with interests in jointly controlled operations in respect of these transactions as at 31 July 2015 and 31 July 2014 are set out below:

	2015 **£**	2014 £
Due from companies with interests in jointly controlled operations	**167,152**	52,492

The Company has a related party relationship with its subsidiaries in the course of normal operations.

During the year the Company provided management services, and billed for time spent on subsidiary company projects. The total amounts invoiced were as follows:

	2015 **£**	2014 £
Invoiced to subsidiary companies	**1,453,824**	860,672

As at 31 July 2015 the balance due to Egdon Resources plc from its subsidiary undertakings was £21,198,658 (2014: £19,445,985) as shown in notes 18 and 19.

32. Control of the Group

There is no ultimate controlling party of Egdon Resources plc.

Letter from the Chairman with Notice of Annual General Meeting

Egdon Resources plc
(The "Company")

(Incorporated and registered in England and Wales with registered number 6409716)

Directors:
Philip Stephens (Chairman)
Mark Abbott (Managing Director)
Jeremy Field (Exploration Director)
Andrew Lodge (Non-executive Director)
Neil O'Brien (Non-executive Director)
Kenneth Ratcliff (Non-executive Director)
Walter Roberts (Non-executive Director)

Registered Office:
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

2 November 2015

Dear Shareholder,

1. Introduction

Notice of the Company's forthcoming Annual General Meeting to be held on Thursday 3 December 2015 ("AGM" or "Annual General Meeting") appears on the following pages.

As in previous years your Board is not recommending the payment of a dividend.

2. Resolutions to be proposed at the Annual General Meeting

Annual report and financial statements (Resolution 1)

A copy of the annual report and financial statements (together with the Strategic, Directors' and Auditor's reports on the annual report and financial statements) for the Company for the financial year ended 31 July 2015 (the "Financial statements") has been sent to you with this document. Shareholders will be asked to receive the financial statements at the Annual General Meeting.

Reappointment of auditor (Resolution 2)

The Company is required at each general meeting at which financial statements are presented to appoint an auditor to hold office until the next such meeting. Resolution 2 proposes the reappointment of Nexia Smith & Williamson Audit Limited as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at which financial statements are laid, and authorises the Directors to determine its remuneration.

Retirement by Directors (Resolutions 3 & 4)

A third of the members of the Board are required to submit themselves for re-election each year and all are required to submit themselves for re-election at least once every three years. Mark Abbott and Andrew Lodge are the Directors retiring by rotation this year and both of them are offering themselves for re-election. Brief biographical details of each of the Directors appear on page 17 of the Financial statements.

Authority of Directors to allot shares (Resolution 5)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006 ("CA 2006"). Upon the passing of Resolution 5, pursuant to paragraph (A) of the Resolution, the Directors will have authority to allot shares up to a maximum of £737,819.37 (which represents approximately one-third of the current issued share capital as at 2 November 2015, being the latest practicable date before the publication of this Letter).

In addition, in accordance with the guidance from the Association of British Insurers ("ABI") on the expectations of institutional investors in relation to the authority of directors to allot shares, upon the passing of Resolution 5, the Directors will have authority (pursuant to paragraph (B) of the Resolution) to allot an additional number of ordinary shares up to a maximum of £737,819.37 (which represents approximately a further third of the current issued share capital as at 2 November 2015, being the latest practicable date before the publication of this Letter). However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings.

As a result, if Resolution 5 is passed, the Directors could allot shares representing up to two-thirds of the current issued share capital pursuant to a rights issue.

To the extent not already expired, the authorities conferred by Resolution 5 will expire at the conclusion of the next Annual General Meeting or, if earlier, on 31 January 2017.

Disapplication of pre-emption rights (Resolution 6)

If the Directors wish to exercise the authority under Resolution 5 and offer unissued shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportions to their holdings.

Resolution 6 would authorise the Directors to do this by allowing the Directors to allot shares for cash (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportions to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £332,018.72 (which represents approximately 15% of current issued share capital as at 2 November 2015, being the latest practicable date before the publication of this Letter). If given, to the extent not already expired, the authorities conferred by Resolution 6 will expire on the conclusion of the next Annual General Meeting or, if earlier, on 31 January 2017.

For this purpose the ABI recommendation aimed predominantly at premium-listed companies on the Official List is 5%, although it is generally recognised that for smaller companies and those on AIM this may be too restrictive. Taking into account the size of the Company, this year we are recommending a further reduction in the disapplication of pre-emption rights from 20% (2014) to 15%. This will continue to provide your Board with the flexibility to pursue investment opportunities without incurring the costs of a rights issue or the need to market part of the investment opportunity to third parties.

3. Recommendation

Your Directors consider the resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole. Consequently, the Directors recommend shareholders to vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings totalling 9,038,076 ordinary shares (representing 4.08 per cent. of the Company's issued share capital as at the date of this Letter).

A form of proxy is included for use at the Annual General Meeting. Forms of proxy should be completed, signed and returned as soon as possible and in any event so as to be received by Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF not less than 48 hours prior to the time appointed for the holding of the Annual General Meeting on 3 December 2015. Completion of a proxy form will not prevent you from attending the Annual General Meeting in person if you so wish.

Yours sincerely,

Philip Stephens
Chairman

EGDON RESOURCES PLC
(Incorporated and registered in England and Wales with registered number 6409716)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Egdon Resources plc (the "Company") will be held at the offices of Norton Rose Fulbright, 3 More London Riverside, London SE1 2AQ, United Kingdom on Thursday 3 December 2015 at 11.00 a.m. for the purpose of passing the following resolutions, of which Resolutions 1 to 5 will be proposed as Ordinary Resolutions and Resolution 6 will be proposed as a Special Resolution:

ORDINARY RESOLUTIONS:

1 To receive the Strategic Report, the report of the Directors and the audited financial statements of the Company for the year ended 31 July 2015, together with the report of the Auditors on those audited financial statements.

2 That Nexia Smith & Williamson Audit Limited be and are hereby re-appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the meeting, at a remuneration to be determined by the Directors.

3 To re-elect Mark Abbott as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.

4 To re-elect Andrew Lodge as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.

5 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

(A) up to an aggregate nominal amount of £737,819.37; and

(B) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £737,819.37 in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

The authorities conferred on the Directors under paragraphs (A) and (B) above shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2017, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION:

6 To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT, subject to the passing of Resolution 5 above the Directors be and they are hereby empowered pursuant to section 570 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferred by Resolution 5, as if section 561 CA 2006 did not apply to any such allotment, provided that this power shall be limited:

(A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authorities granted under paragraph (B) of Resolution 5, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

(B) to the allotment (otherwise than under paragraph (A) of this Resolution 6) of equity securities up to an aggregate nominal amount of £332,018.72

and shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2017, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

2 November 2015

By Order of the Board

Walter Roberts
Secretary

Registered Office:
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

Notes:

1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Capita Asset Services on +44 (0)871 664 0300 (calls cost 12p per minute plus network extras). A form of proxy for use by members at the Annual General Meeting accompanies this notice.

2 To be effective, the form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be received by post or (during normal business hours only) by hand at the office of the Company's Registrars, being Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not less than 48 hours before the time of the holding of the meeting or any adjournment thereof.

3 Completion and return of the proxy form does not preclude a member from attending and voting at the meeting in person.

4 In the case of joint shareholders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

6 In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to Company's Registrars, being Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the holding of the meeting or any adjournment thereof. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7 In accordance with the permission in Regulation 41(1) of The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), only those holders of ordinary shares who are registered on the Company's share register at 1800 hours on 1 December 2015 shall be entitled to attend the above Annual General Meeting (or, in the case of an adjourned meeting, 1800 hours on the day which is two days before the adjourned meeting) and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 1800 hours on 1 December 2015 shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

8 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

9 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

10 Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from half an hour before the meeting until the conclusion of the meeting.

Directors, Officers and Advisors

Directors

Philip Stephens	Chairman
Mark Abbott	Managing Director
Jeremy Field	Exploration Director
Walter Roberts	Non-executive Director and Company Secretary
Kenneth Ratcliff	Non-executive Director
Andrew Lodge	Non-executive Director
Neil O'Brien	Non-executive Director

Principal and Registered Office
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

Nominated Advisor and Stockbrokers
Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London
E14 5RB

Joint Broker
VSA Capital Limited
Fourth Floor
New Liverpool House
15–17 Eldon Street
London
EC2M 7LD

Financial Advisor
Evercore
15 Stanhope Gate
London
W1K 1LN

Statutory Auditor
Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Accountants and Tax Advisors
BDO LLP
31 Chertsey Street
Guildford
Surrey
GU1 4HD

Legal Advisors
Norton Rose Fulbright
3 More London Riverside
London
SE1 2AQ

Financial Public Relations
Buchanan
107 Cheapside
London
EC2V 6DV

Registrars
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Licences

As at 2 November 2015

Licences		Operator	Egdon Interest	Area km²
UK				
1	EXL253	Egdon Resources U.K. Limited (Deep Rights)	100.000%	3.00
2	PL090 (Waddock Cross)	Egdon Resources U.K. Limited	55.000%	19.00
	PL090	Egdon Resources U.K. Limited	48.750%	183.00
3	PL161	Egdon Resources U.K. Limited (Deep Rights)	100.000%	18.00
4	PL161-1	Scottish Power Generation Limited	50%	38.00
5	PL162-1	Scottish Power Generation Limited	50%	114.00
6	PEDL001	Egdon Resources U.K. Limited (Deep Rights)	100.000%	11.00
7	PEDL005 (remainder)	Egdon Resources U.K. Limited	65.000%	17.00
	PEDL005 (Keddington)	Egdon Resources U.K. Limited	45.000%	7.00
8	PEDL011	Egdon Resources U.K. Limited (Deep Rights)	100.000%	6.00
9	PEDL037	Egdon Resources U.K. Limited (Deep Rights)	100.000%	10.00
10	PEDL039	Egdon Resources U.K. Limited (Deep Rights)	100.000%	3.00
11	PEDL043	Egdon Resources U.K. Limited (Deep Rights)	100.000%	57.00
12	PEDL068	Egdon Resources U.K. Limited	48.000%	83.20
13	PEDL070	IGAS (Star Energy Group)	26.670%	18.28
14	PEDL118	Egdon Resources U.K. Limited	50.000%	10.60
15	PEDL130	Egdon Resources U.K. Limited	100.000%	45.00
16	PEDL139	IGAS (Star Energy Group)	14.500%	100.00
17	PEDL140	IGAS (Star Energy Group)	14.500%	141.60
18	PEDL141	Seven Star Natural Gas Limited (Alkane Energy plc)	46.000%	100.00
19	PEDL143	Europa Oil and Gas Limited	18.400%	92.00
20	PEDL169	Egdon Resources U.K. Limited (Deep Rights)	20.000%	62.00
21	PEDL180	Egdon Resources U.K. Limited	25.000%	40.00
22	PEDL181	Europa Oil and Gas Limited	25.000%	540.50
23	PEDL182	Egdon Resources U.K. Limited	33.330%	19.00
24	PEDL191	Egdon Resources U.K. Limited (Deep Rights)	100.000%	66.00
25	PEDL201	Egdon Resources U.K. Limited	32.500%	80.00
26	PEDL202	Egdon Resources U.K. Limited (Deep Rights)	100.000%	84.00
27	PEDL203	Egdon Resources U.K. Limited	50.000%	10.50
28	PEDL209	Egdon Resources U.K. Limited	60.000%	64.00
29	PEDL237	Egdon Resources U.K. Limited	48.750%	53.30
30	PEDL241	Egdon Resources U.K. Limited	80.000%	55.00
31	PEDL253	Egdon Resources U.K. Limited	52.800%	95.00
32	P.1241	Centrica Energy	10.000%	43.00
33	P.1929	Egdon Resources U.K. Limited	100.000%	360.00
FRANCE				
34	St Laurent	Egdon Resources France Limited	33.423%	507.00
35	Pontenx	Egdon Resources France Limited	100.000%	169.00
36	Mairy	Hess Oil France	15.000%	255.00
14th Round 1st Tranche Offered Blocks				
1	SE41e	Island Gas Limited	15.000%	97.00
2	SK49	Island Gas Limited	15.000%	100.00
3	SK89e	Island Gas Limited	15.000%	14.00
4	SK88b	Island Gas Limited	15.000%	69.00
5	SK87c	Island Gas Limited	15.000%	28.00
6	SK53	Egdon Resources U.K. Limited	18.750%	100.00
7	SK52a	Egdon Resources U.K. Limited	18.750%	91.00

Egdon Resources plc

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